

**United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General**



**Department of Defense
Office of Inspector General**

**DOD Obligations and Expenditures of
Funds Provided to the Department of State
for the Training and Mentoring of the
Afghan National Police**

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Acronyms and Abbreviations

AIJS	Afghanistan, Iraq, and Jordan Support
ANP	Afghan National Police
ANSFs	Afghanistan National Security Forces
ASF	Afghanistan Security Forces
CENTCOM	U.S. Central Command
CIVPOL	Civilian Police Program
COR	Contracting Officer's Representative
CSTC-A	Combined Security Transition Command-Afghanistan
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DOS	Department of State
FAH	Foreign Affairs Handbook
FAR	Federal Acquisition Regulation
FMR	Financial Management Regulation
I-COR	In-Country Contracting Officer's Representative
IG	Inspector General
INL	Bureau of International Narcotics and Law Enforcement Affairs
MOA	Memoranda of Agreement
MOI	Ministry of Interior
NAS-K	Narcotics Affairs Section-Kabul
QASP	Quality Assurance Surveillance Plan
RTC	Regional Training Center
SOW	Statement of Work
WPC	Women's Police Corps



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INSPECTORS GENERAL

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February 9, 2010

MEMORANDUM FOR COMMANDER, COMBINED SECURITY TRANSITION
COMMAND-AFGHANISTAN
UNDER SECRETARY OF DEFENSE (COMPTROLLER)/
CHIEF FINANCIAL OFFICER
ASSISTANT SECRETARY OF STATE FOR THE BUREAU
OF INTERNATIONAL NARCOTICS AND LAW
ENFORCEMENT AFFAIRS
ASSISTANT SECRETARY OF STATE FOR THE BUREAU OF
RESOURCE MANAGEMENT AND CHIEF FINANCIAL
OFFICER
DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY

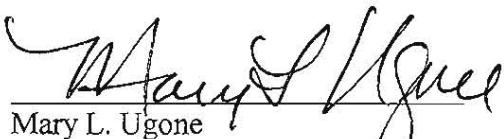
SUBJECT: DOD Obligations and Expenditures of Funds Provided to the Department of State
for the Training and Mentoring of the Afghan National Police
(Report No. D-2010-042 and MERO-A-10-06)

We are providing this report for review and comment. We considered management comments on a draft of this report when preparing the final report. We conducted this audit in response to a congressional request.

DOD Directive 7650.3 requires that recommendations be resolved promptly. The Deputy Commanding General, Combined Security Transition Command-Afghanistan, comments were responsive on Recommendations B.3.a.-b., but were not responsive on Recommendations B.3.c.-d. We redirected Recommendations E.1. and E.2. to the Commanding General, Combined Security Transition Command-Afghanistan. Therefore, we request additional comments on Recommendations B.3.c.-d. and comments on Recommendations E.1. and E.2. by March 9, 2010. The Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs comments were partially responsive. We request additional comments on Recommendations B.2.b. and C.2.a.-c. by March 9, 2010. The Assistant Secretary of State for the Bureau of Resource Management and Chief Financial Officer did not respond to the draft report. Therefore, we request that the Assistant Secretary of State for the Bureau of Resource Management and Chief Financial Officer comment on Recommendations D.1.a.-c. and the potential monetary benefits by March 9, 2010. We added Recommendation D.2.b. to the Under Secretary of Defense (Comptroller)/Chief Financial Officer and request comments by March 9, 2010.

If possible, please send a .pdf file containing your comments to audros@dodig.mil. Copies of the management comments must contain the actual signature of the authorizing official. We are unable to accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET). Comments from the Department of State should be directed by e-mail to Nick Arntson, Assistant Inspector General for the Middle East Regional Office at arntsonr@state.gov.

We appreciate the courtesies extended to the staff. Please direct questions to Mark A. Ives at (Commercial from USA) 011-49-631-411-6055 (DSN 314-483-6055), Mark.Ives@dodig.mil, or Gloria J. Young at (703) 604-8837 (DSN 664-8837), Gloria.Young@dodig.mil.



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Results in Brief: DOD Obligations and Expenditures of Funds Provided to the Department of State for the Training and Mentoring of the Afghan National Police



What We Did

We conducted this audit in response to a congressional request. Our objective was to review the status of Afghanistan Security Forces funds that DOD provided to the Department of State (DOS) for the training of the Afghan National Police (ANP), the contract management activities, and the ability of the ANP training program to address the security needs for Afghanistan.

What We Found

The DOS Civilian Police Program contract does not meet DOD's needs in developing the ANP to provide security in countering the growing insurgency in Afghanistan. The DOS and DOD agreed to have DOD assume contractual responsibility for the primary ANP training program, which includes Regional Training Centers, basic ANP training, mentoring within the Afghan Ministry of Interior, and the DOD police mentor teams embedded in ANP units in districts throughout Afghanistan. The DOS internal controls were ineffective. We identified internal control weaknesses in the DOS contract oversight for the ANP training program. DOS did not:

- maintain adequate oversight of Government-furnished property,
- maintain contract files as required by the Federal Acquisition Regulation,
- always match goods to receiving reports, or
- follow internal control procedures requiring in-country contracting officer's representatives to review contractor invoices to determine if the

costs were allowable, allocable, or reasonable prior to payment and validate deliverables.

We were unable to determine if DOS expended Afghanistan Security Forces funds provided by DOD in accordance with Congressional intent. We also identified \$80 million in potential monetary benefits. In addition, DOS and DOD have not provided enough resources to adequately train members of the Afghan Women's Police Corps.

What We Recommend

The Commanding General, Combined Security Transition Command-Afghanistan, should:

- clearly define the requirements for the ANP training program and establish contractor performance standards that will meet those requirements and
- direct the contracting officer for the new DOD contract to assign sufficient contracting officer's representative staff and implement effective contractor oversight procedures.

The Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs should request audit support from the Defense Contract Audit Agency and request refunds of any costs that the Defense Contract Audit Agency determines to be unallowable, unallocable, or unreasonable.

The Commanding General, Combined Security Transition Command-Afghanistan, in coordination with the Assistant Secretary of State for the Bureau of International Narcotics

and Law Enforcement Affairs, should increase the resources devoted to developing the Afghan Women's Police Corps.

The Assistant Secretary of State for the Bureau of Resource Management and Chief Financial Officer should:

- determine the status of the Afghanistan Security Forces funds provided by DOD;
- return any funds in excess of the amounts identified as appropriate disbursements and, at a minimum, return \$80 million; and
- make appropriate corrections to the annual financial statements and communicate any errors found to DOD.

The Under Secretary of Defense (Comptroller)/Chief Financial Officer should make appropriate corrections to the annual financial statements and request refunds from DOS.

The Director, Defense Contract Audit Agency, should review public vouchers submitted under task orders 4305 and 5375 and conduct an audit of the ANP training program.

Management Comments and Our Response

The Deputy Commanding General, Combined Security Transition Command-Afghanistan, responding for the Commanding General, provided comments that were responsive to draft Recommendations A.1.-2., B.1., and B.3.a.-b. However the comments were nonresponsive to draft Recommendations B.3.c.-d.; therefore, we request comments to the final report.

The Acting Assistant Secretary of State for the Bureau of International Narcotics and Law

Enforcement Affairs comments were nonresponsive. The Acting Assistant Secretary stated that he had requested assistance from the Defense Contract Audit Agency in 2007, and audit work started in March 2009.

However, we determined that no audit work has been done and we requested an action plan and timeframe for engaging Defense Contract Audit Agency audit support.

The Assistant Director, Defense Contract Audit Agency, comments were responsive.

We learned subsequent to the draft audit report that the Combined Security Transition Command-Afghanistan would retain control of the Women's Police Corps training program. Therefore, we redirected the recommendation to increase resources devoted to developing the Afghan Women's Police Corps to the Combined Security Transition Command-Afghanistan.

The Assistant Secretary of State for the Bureau of Resource Management and Chief Financial Officer did not provide comments to the draft report; therefore, we request comments in response to the revised recommendations in the final report.

The Under Secretary of Defense (Comptroller)/Chief Financial Officer comments were responsive to the draft recommendation. We request comments in response to the final report.

Please see the recommendations table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commanding General, Combined Security Transition Command-Afghanistan	B.3.c.-d., E.1., E.2.	A.1., A.2., B.1., B.3.a.-b., B.3.e.
Under Secretary of Defense (Comptroller)/Chief Financial Officer	D.2.b.	D.2.a.
Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs	B.2.b., C.2.a.-c.	B.1., B.2.a.
Assistant Secretary of State for the Bureau of Resource Management and Chief Financial Officer	D.1.a.-c.	
Director, Defense Contract Audit Agency		C.1.a.-b.

Please provide comments by March 9, 2010.

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Introduction

Objectives

We conducted this audit in response to a congressional request. Our objective was to review the status of Afghanistan Security Forces (ASF) funds that the DOD provided to the Department of State (DOS) for the training of the Afghan National Police (ANP). Specifically, we reviewed the contract, task orders, statements of work, and related modifications to ensure that they complied with Federal regulations and met the needs of the DOD. We also reviewed contractor invoices to determine whether the claimed costs were allowable, allocable, and reasonable. See Appendix A for a discussion of the scope and methodology and prior coverage, and see Appendix B for the congressional request.

Background

In 2005, the Combined Security Transition Command-Afghanistan (CSTC-A) officially assumed the lead role on behalf of the U.S. Government in the reformation of the ANP. CSTC-A is under the control of the United States Central Command (CENTCOM). Under CSTC-A's operational control is Task Force Phoenix, responsible for training, mentoring, and advising the Afghan National Army and the ANP. The International Police Coordination Board was formed in 2007 in an effort to improve international coordination of ANP training. The U.S., the United Nations, and the European Union agreed with the Afghan government to introduce common standards to coordinate the efforts of all countries contributing to reforming the Ministry of Interior (MOI) and the ANP. The MOI controls the ANP. The goal is to develop the Afghan security forces to protect the local population and provide a stable rule of law.

CSTC-A's role is to plan, program, and implement structural, organizational, institutional, and management reforms of the Afghanistan National Security Forces (ANSFs). Mission success for CSTC-A is defined as fielding an ANSF, which includes the ANP, that is professional, literate, ethnically diverse, tactically competent, and capable of providing security throughout Afghanistan. The purpose of these ANSFs is to develop a stable Afghanistan, strengthen the rule of law, and deter and defeat terrorism within Afghanistan's borders. According to the Council on Foreign Relations,

“Senior U.S. military officials have said America's exit strategy is tied to Afghanistan's ability to provide its own security. The North Atlantic Treaty Organization and coalition partners have embraced the concept that improving the capability of Afghan forces is the quickest way to exit.”¹

¹ Greg Bruno, “Afghanistan's National Security Forces,” Council on Foreign Relations Backgrounder, New York, April 16, 2009.

During the spring of 2007, the Joint Coordination and Monitoring Board² approved increasing the ANP staffing levels to 82,000. As of March 15, 2009, more than 80,000 positions, 96 percent of their authorized staffing levels, have been filled. The MOI expects to fill the remaining 2,000 positions by December 2009.

The ANP consists of the following different police organizations:

- Uniformed Police,
- Border Police,
- Civil Order Police,
- Counter Narcotics Police,
- Criminal Investigation Police, and
- Counter Terrorism Police.

The Uniformed Police are the single largest police element with more than 40,000 positions. They are responsible for general law enforcement, public safety, and internal security throughout the provinces and districts of Afghanistan. The Afghan Border Police, with an authorized strength of 17,000, are responsible for patrolling Afghanistan's borders, conducting counter-smuggling operations, and managing immigration.

The Civil Order Police are responsible for responding to civil disturbances in large urban areas and patrolling in high-threat areas. In addition, the Civil Order Police also temporarily replace entire Uniformed Police districts while they attend Focused District Development training. Focused District Development is the framework for implementing the ANP training program. It is used to organize the training of the police force that will serve each district and evaluate their effectiveness.

The other three ANP organizations are smaller and have more specialized missions. The Counter Narcotics Police are responsible for the elimination of the production and trafficking of illicit drugs. The Criminal Investigation Division Police investigate a wide-range of criminal offenses. The Counter Terrorism Police are responsible for conducting counter-insurgency operations.

Presidential Decision Directive 71, "Strengthening Criminal Justice Systems in Support of Peace Operations," February 24, 2000, directed DOS to establish a new program that would train civilian police for international peacekeeping missions around the world. In response to this directive, the DOS Office of Acquisition Management awarded the Civilian Police Program (CIVPOL) contract in February 2004.

² The Joint Coordination and Monitoring Board consists of representatives from the Afghan Government and the International Community and coordinates the implementation of the Afghanistan Compact, which defines the principles of political cooperation for the period of 2006 to 2011. The Joint Coordination and Monitoring Board provides direction to address issues of coordination, implementation, and financing for the benchmarks and timelines of the Compact and reports on the implementation.

According to the CIVPOL contract (contract number S-LMAQM-04-C-0030), the contractor is responsible for:

- providing a cadre of up to 2,000 experienced law enforcement personnel available to serve in civilian peacekeeping missions overseas;
- providing pre-deployment and deployment support; including contract program management, uniforms, and equipment;
- arranging transportation for basic, in-service, and specialized training programs developed by the Government for the cadre of law enforcement personnel;
- maintaining a database for U.S. contributions to a particular international organization and creating additional databases, as required, to manage records relating to the cadre of law enforcement personnel; and
- providing procurement services for equipment for foreign police and construction services to support foreign police.

DOS issued two contract task orders under the CIVPOL contract to support the ANP training program. These two task orders directed the contractor to provide personnel and life support for the ANP training program including:

- qualified international civilian police advisors,
- life support services,
- security services, and
- communication support services.

These two task orders are valued in excess of \$1 billion and expire on January 31, 2010.

Prior to FY 2005, international donors financed the bulk of the Afghan budget through the Law and Order Trust Fund for Afghanistan, administered by the United Nations Development Program. The U.S. contribution to that fund was \$20 million in FY 2004, \$40 million in FY 2005, and \$9.5 million in FY 2006. In addition to police salaries, trust fund contributions pay for nonlethal equipment, facilities, recruitment, training, and institutional development.

Since FY 2005, the U.S. has appropriated approximately \$15.3 billion for the DOD-managed Afghanistan Security Forces Fund. Since FY 2006, DOD transferred \$1.04 billion of these funds to the DOS Bureau of International Narcotics and Law Enforcement Affairs (INL) to support the ANP Training Program.

Since 2006, DOS and DOD have implemented three Memoranda of Agreement (MOAs) regarding the oversight of the ANP Training Program. Under these MOAs, DOS accepted responsibility for procuring services related to the ANP Training Program, managing and reporting on the ASF funds transferred from DOD, and overseeing the contract and ensuring quality contractor performance.

DOS agreed to perform the following specific tasks:

- receive funds from DOD and execute the program within those funding limits;
- continue to implement the program and oversee the contracts to provide adequate ANP training to meet the requirements identified by CSTC-A and coordinated with DOS;
- designate one or more in-country contracting officer's representatives (I-CORs) to provide direct contractor oversight and quality assurance to the contracting officer's representative (COR);
- administer funds in accordance with applicable laws and regulations and keep complete records of the use of funds and track items and services through delivery to trainees;
- ensure the Chief of Mission and CSTC-A Commander are fully informed of all activities and operations, including results of monitoring and reporting; and
- report to the DOD Financial Officer that the funds were expended for the purposes for which they were provided and return excess funds to DOD upon conclusion of its (DOS) responsibilities.

Review of Internal Controls

DOS Office of Inspector General Audit Manual, chapter 8, April 2009, outlines guidance from the Office of Management and Budget Circular A-123, "Management's Responsibility for Internal Control," which defines management's responsibility for internal controls in Federal agencies. The Office of Management and Budget Circular A-123 provides guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on internal controls. It also requires a strengthened process for conducting management's assessment of the effectiveness of internal controls over financial reporting based on widely recognized internal control standards. We identified internal control weaknesses for DOS. DOS did not have the following internal controls for contract administration and oversight:

- INL did not conduct management assessment visits, and
- COR and I-CORs did not always match goods to receiving reports, maintain adequate oversight of Government-furnished property, or maintain complete contract files.

Implementing recommendations in Findings B and C will improve INL contract and administration procedures. We will provide a copy of this report to the senior official responsible for internal controls in INL.

Finding A. National Strategy

The DOS CIVPOL contract does not meet DOD's needs in developing the ANP to provide security in countering the growing insurgency in Afghanistan because the current contract arrangement does not allow DOD to make rapid changes in ANP training as the security situation in Afghanistan changes. As a result, the ANP lacks the necessary skills to combat the growing violence in Afghanistan and to provide a more stable and secure environment for Afghanistan citizens.

Security Situation

DOD entered into an agreement with DOS to provide funding on an existing contract for civilian police advisors to train and mentor ANP in 2006. At that time, the security situation in Afghanistan was more stable and suitable for a civilian police force whose sole mission is to enforce the rule of law. This contributed to the decision to use the existing CIVPOL contract with the contractor to train, mentor, and equip elements of the Afghanistan MOI, which includes the ANP. Since that time, the security situation in Afghanistan has changed significantly as the insurgency has grown, and according to a CSTC-A senior official, the current CIVPOL contract no longer meets DOD needs. The ANP must now focus not only on enforcing laws among the general public, but also on combating a growing insurgency.

ANP average monthly death rates for officers, non-commissioned officers, and patrolmen have steadily increased in the last 4 years, from 24 in 2006 to 123 in 2009. As the insurgency threats escalate, the need for additional ANP personnel with enhanced combat skills increases. This results in a requirement for increased training capacity and more police mentor teams to develop the new ANP forces. In addition, as the insurgent tactics evolve, the ANP members need to learn additional skills to protect themselves and preserve security for the citizens of Afghanistan.

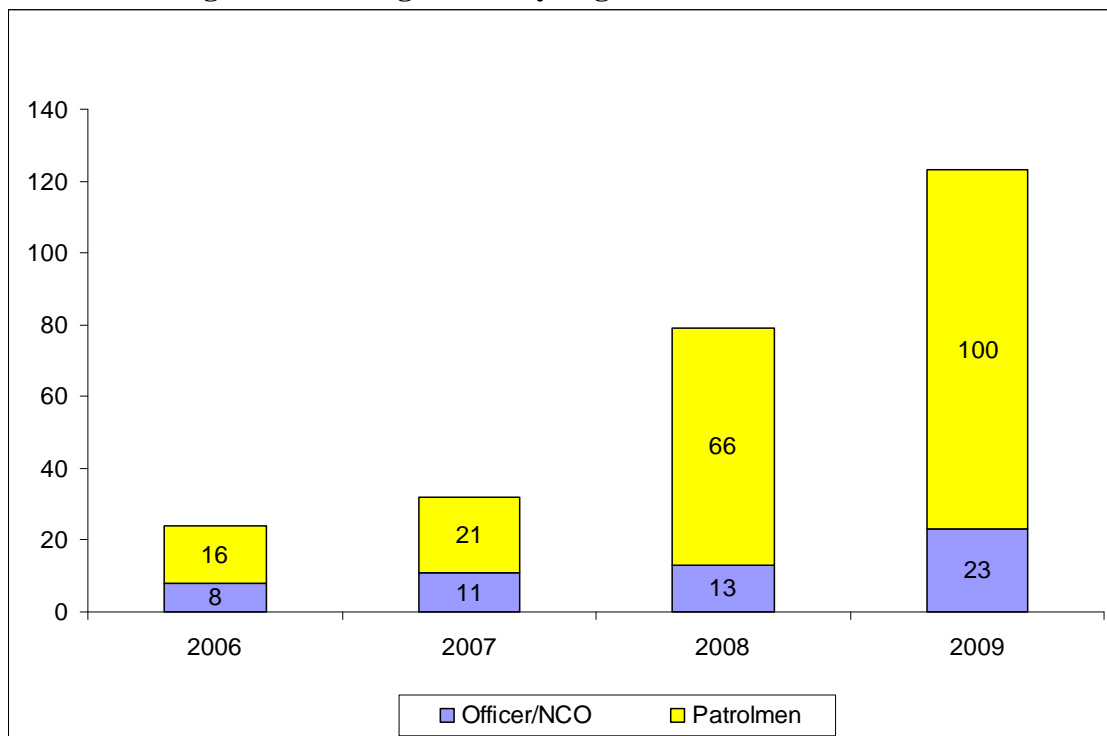
The Afghanistan MOI personnel that we interviewed stated that the contractor has made progress in training ANP. However, many challenges impede the progress, such as low literacy rates, deceptive recruiting tactics, desertions, and corruption among ANP.

According to CSTC-A Training Command personnel, in June 2009, the Joint Coordination and Monitoring Board agreed to increase the number of ANP forces from 86,800 to 96,800. The Chief of Mission stated that despite excellent coordination between the U.S. Embassy and CSTC-A, the lack of a single, unified chain of command has sometimes created confusion and unnecessary delays in enhancing the program. According to CSTC-A senior officials, to effectively train and mentor the new ANP officers and soldiers, DOD needs the flexibility to rapidly respond to the security environment and be able to direct the contractor to construct new training facilities to accommodate the increases in ANP forces, develop a new security-focused curriculum, and mentor ANP members in combat tactics. Under the current contract arrangement, DOD must coordinate any changes through INL, which causes delays in implementation. For example, the current MOA between DOS and DOD states that DOD must provide

updated training requirements 120 days in advance; however, according to INL personnel the process actually requires 6 months to implement.

According to the contractor security reports, during 2006, hostile activities were primarily in the south and southeast portions of Afghanistan, and travel was unrestricted in most of the country. In 2007, hostile activities spread west and north, attacks on non-military targets increased, civilian death tolls rose, and travel restrictions became common in the south and east. Hostile incidents spread north in 2008. Kabul was encircled, hostilities targeting non-government organizations and international aid groups increased, supply and aid convoys were frequent targets, and deaths among coalition forces and civilians were at their highest. Additionally, ANP deaths have also increased each year. See Figure 1 below.

Figure 1. Average Monthly Afghan National Police Deaths



Note: Averages are based on monthly casualty statistics provided by the Afghanistan Ministry of Interior.

Because of these increases in violence and the rising death rates among ANP, CSTC-A leadership stated that they feel the existing curriculum is not the best method for developing the ANP to achieve the emerging national strategy in Afghanistan. Instead, CSTC-A stated they believe the focus of ANP training should be enhanced to include more counterinsurgency and tactical skills training. This more resembles military training than civilian police force training. In March 2009, the President announced a comprehensive new strategy for Afghanistan, which included the emphasis on training and increasing the size of Afghan security forces.

Base Contract

The current CIVPOL contract is ambiguous and because DOS is the contracting agency DOD cannot direct the contracted advisors and mentors and Afghan trainers as needs change. According to a CSTC-A senior official, DOD must communicate changing requirements through INL and wait for changes to be implemented. The contract task orders simply require the contractor to provide personnel, life support, and communications. The current task orders do not provide any specific information regarding what type of training is required or any measurement of acceptability. Additionally, the current contract does not include any measurement of contractor performance. Therefore, a new contract has been proposed. The proposed contract, which DOD will manage, should clearly specify training requirements. Additionally, the proposed contract and task orders should clearly state that the contractor must fulfill these specified training requirements.

Memorandum of Agreement

INL and INL/Narcotics Affairs Section-Kabul (NAS-K) administer the CIVPOL contract in coordination with overall direction from CSTC-A. The current MOA between DOS and DOD states that the Commander, CSTC-A, determines overall program requirements for developing the ANP, executes the program, and allocates funds; however, DOD does not have authority to direct the CIVPOL contract. This lack of contractual authority has restricted the ability of CSTC-A to rapidly modify ANP training to respond to the rising insurgency.

Contract Requirements

CSTC-A develops the DOD requirements memoranda for INL; however, the program requirements documents do not stipulate how the ANP are to be trained or the desired outcome. The requirements memoranda we reviewed for December 2008 and January 2009 request that INL maintain current levels of support at the DOS-operated Regional Training Centers (RTCs) and provincial and sustainment sites throughout Afghanistan. The memoranda also specify the number of mentors and the short-term continuation of the program of instruction development. CSTC-A requested that the training capacity be expanded at two RTCs and an increase in intelligence mentors. Additionally, CSTC-A requested in-processing teams at the RTCs with the capability to deploy to sustainment sites and support Mobile Training Teams and provide Trauma Assistance Personnel Training. CSTC-A also requested further clarification and justification for the Women's Police Corps, INL Flight Support (Air Wing), and the Family Response Unit. Although DOD requirements memoranda include the levels of mentor support to accomplish ANP training, they do not provide any specifics regarding how ANP are to be trained.

CSTC-A uses capabilities milestones as a method to describe ANP progress in achieving a level of self-sustaining readiness. The capability milestones are:

- Capabilities Milestone 1: Police element is fully capable of conducting law enforcement operations un-aided (without mentors), has at least 85 percent of equipment and personnel, and is self-sustaining;

- Capabilities Milestone 2: Police element is capable of conducting law enforcement; has 70-84 percent of equipment and personnel, still requires mentor support, but is not self-sustaining;
- Capabilities Milestone 3: Police element has presence in its geographic location, is partially capable of conducting law enforcement with coalition support, and has 50-69 percent of equipment and personnel; and
- Capabilities Milestone 4: Police element is formed, but incapable of conducting law enforcement operations, and has less than 50 percent of equipment and/or personnel.

Of 64 districts that CSTC-A evaluated as of August 2009, 11 met Capabilities Milestone 1; 21 met Capabilities Milestone 2; 27 met Capabilities Milestone 3; and 5 remained at Capabilities Milestone 4. These districts did not achieve CSTC-A capabilities milestone projections, which were that ANP should reach Capabilities Milestone 2 by 2009.

Contract Action Delays

According to CSTC-A leadership, the INL contracting process is slow and cumbersome, which hampers the ability of DOD and the ANP to quickly respond to the rapidly changing security environment in Afghanistan. CSTC-A leadership stated that using DOS as the contracting agency is no longer the most efficient method to address the changing security environment in Afghanistan. In 2006, when the security environment in Afghanistan was more stable, DOD decided to use the existing CIVPOL contract to implement the ANP training program. However, the current operating environment requires a different approach, and the ANP training program that is in place does not provide the ANP with the necessary skills to successfully fight the insurgency, and therefore, hampers the ability of DOD to fulfill its role in the emerging national strategy. Although both organizations, DOS and CSTC-A, have similar long-term goals for the ANP, DOS is focused on training the police to be an effective civilian police force after security in Afghanistan has stabilized. DOD is focused on survival and tactical training of ANP to counter the growing insurgency. CSTC-A officials stated that they believe that if DOD has contractual authority, and is not required to coordinate program changes through another agency, program requirements can be implemented faster. In an ever-changing environment, efficiency is necessary in order to rapidly respond to the current, more volatile security situation. The training that CSTC-A will assume will be based on survivability and tactical maneuvering, while INL will continue training the ANP in traditional community policing tactics.

Proposed Contract Changes

The Chief of Mission and Commander, International Security Assistance Forces, recommended the transfer of responsibility for implementation of basic Afghan police training and field mentoring to DOD. Specifically, they recommended that CSTC-A assume contractual responsibility for the primary ANP training program, which includes RTCs, basic ANP training, mentoring within the MOI, and CSTC-A's police mentor teams embedded in ANP units in districts throughout Afghanistan.

Currently, ANP training is conducted by Afghan experienced police forces with oversight by the contractor's mentors and advisors. Although the need for the ANP to increase its capability to effectively respond to the increased insurgent activity is critical for the security of Afghanistan, the need to develop a competent and effective civilian police force remains. The Embassy's country team and CSTC-A agree that INL should revert to its traditional police training role to support development of civilian police through training in advanced leadership, criminal investigation, and professional development. Dividing the ANP training and mentoring responsibilities between DOD (for basic training) and INL (for advanced training) should result in a stronger, more effective ANP force. This will provide the citizens of Afghanistan with an ANP force that is capable of adapting to and surviving the changing security threats and is capable of performing advanced civilian police duties.

Management Actions

During our fieldwork in Afghanistan, we learned of a joint proposal between DOS and DOD for DOD to assume responsibility for the basic ANP training and field mentoring and INL to retain responsibility for advanced ANP training. To assist the transition from INL-Kabul to CSTC-A and ensure improved communication between the two organizations, we issued a memorandum to DOS and DOD recommending that they form a transition oversight committee to manage the transition of Government property, logistics, contracting, information technology, curriculum, resource management, and programs of instruction. For details, see Appendix D for the memorandum and Appendix E for management comments on the memorandum.

Recommendations, Management Comments, and Our Response

A. We recommend the Commanding General, Combined Security Transition Command-Afghanistan:

- 1. Clearly define the requirements for the Afghan National Police training program.**
- 2. Establish contractor performance standards that will meet DOD's requirements for training and mentoring the Afghan National Police.**

Combined Security Transition Command-Afghanistan Comments

The Deputy Commanding General, responding for the Commanding General, agreed and the comments included a detailed description of the requirements for the Afghan National Police training program. The Deputy Commanding General also included the goals of the Afghan Police Training program to simultaneously reform and expand the Afghan National Police; provide resources to train and reform police and execute the force generation of new police; increase recruiting, improve retention, and reduce attrition; and

improve leadership and dismiss corrupt police officials. The Deputy Commanding General stated that he has developed performance standards, with input from contract bidders, to include measures of performance, and that measures of effectiveness are being incorporated into the Quality Assurance Surveillance Plan.

Our Response

The Deputy Commanding General, CSTC-A, comments were responsive, and the actions meet the intent of the recommendations.

Finding B. Contractor Oversight

DOS contracting officials and CORs did not conduct adequate surveillance for two task orders in excess of \$1 billion. Specifically, the COR and I-CORs did not:

- maintain adequate oversight of Government-furnished property,
- maintain contract files as required by the Federal Acquisition Regulation (FAR), or
- always match goods to receiving reports.

These conditions occurred because contracting officials did not adequately staff I-CORs for ANP task orders and did not prepare a Quality Assurance Surveillance Plan (QASP) for one of the two ANP task orders. As a result, DOS personnel provided no assurance to the contracting officer that the Government received all of the goods and services procured by the contractor or that DOS received the best value when contracting for services. In addition, the COR inappropriately approved contractor invoices for payment, as discussed in Finding C.

Contracting Officer's Representative Assignment

Minimal Government oversight of the ANP task orders increased the risk of fraud and waste of Government funds. The COR is responsible for overseeing contractor performance and determining whether the contractor accomplishes the technical and financial aspects of the contract. The COR and I-CORs are responsible for monitoring and inspecting the contractor's progress and performance, receiving deliverables, approving invoices, notifying the contracting officer of deficiencies, performing property administrator duties for Government-furnished property, performing acceptance tests of goods and services, and maintaining contract files.

COR and I-COR Assignment

Prior to our site visit to Afghanistan, we requested that Afghanistan, Iraq, and Jordan Support (AIJS) officials and the contracting officer provide a list of I-CORs serving in Afghanistan and their dates of service since the contracting officer did not assign an administrative contracting officer. The contracting officer provided an abbreviated list of CORs and I-CORs and stated that the COR could provide information about service in Afghanistan; however, the COR was unable to provide that information. According to the COR and I-CORs, I-CORs are frequently rotated in and out of Afghanistan but no record was maintained by the contracting officer to document dates of service in Afghanistan.

In addition, the contracting officer provided delegation letters for I-CORs that included assignments of authority for personnel that the COR, I-CORs, and contracting officer could not identify as working as an I-COR further demonstrating the lack of control over COR and I-COR staffing. The contracting officer should immediately terminate the delegation of I-COR authority of all inactive or reassigned I-CORs to provide an accurate count of existing I-CORs. Without terminating inactive I-CORs, the contracting officer

maintains a roster of I-CORs that misrepresents the number available to oversee the contractor and includes personnel who should not have the authority to represent the contracting officer. The contracting officer issued one COR and seven I-COR delegation letters³ to monitor the ANP task orders. Of the seven active I-COR delegations, one does not work on ANP task orders, two cannot monitor task order S-LMAQM-08-F-5375 (task order 5375), one works only half of the year, three were located in the U.S., and only three were located in Afghanistan. Only one I-COR possessed authority to oversee task order 5375 prior to June 2009 despite nearly \$325 million obligated prior to June. The contracting officer should be able to identify the assignments and locations of CORs and I-CORs assigned to task orders, terminate assignments of individuals no longer working on ANP task orders, and increase the number of I-CORs to adequately perform contract surveillance.

Civilian Police Program Master Contract

The contracting officer assigned one COR and five I-CORs to perform oversight of seven task order contracts valued at \$1.6 billion. These task orders are executed under three indefinite-delivery, indefinite-quantity master contracts awarded to three different contractors. Each task order contract supports different disciplines under the CIVPOL master contract with two task orders, S-LMAQM-05-F-4305 (task order 4305) and task order 5375, executing the ANP program. Examples of the programs executed by the task orders include the ANP, Poppy Eradication, Corrections Sector Support, and Justice Sector Support. Each program has its own statement of work (SOW) with the ANP program possessing 18 different SOWs that state the requirements of the program. The COR and I-COR responsibilities for all seven task orders were the same as outlined in their delegation letters. These duties included preparing purchase requests, defining project requirements, performing inspections, accepting work for the Government, resolving technical issues, reporting costs not appropriately charged to the contract, validating all vendor invoices, and maintaining an inventory of Government-furnished property.

ANP Task Orders

On August 15, 2005, the contracting officer for INL awarded task order 4305 for the ANP. However, due to the size and complexity of the contract, contract oversight was grossly understaffed with one COR prior to July 2006 despite obligating more than \$232 million. During 2006, the contracting officer delegated administrative authority to one COR and two I-CORs, however, during our site visit, we were unable to find any evidence of surveillance by the two I-CORs. By the beginning of 2008 nearly \$675 million was obligated without any evidence of an I-COR functioning in Afghanistan. From February 2008 to July 2009, the ANP contract was increased by another \$598 million and task order 5375, as well as multiple SOWs, was added to the contract. In 2008, another I-COR was assigned authority to the ANP task orders

³ According to FAR 42.202, "Assignment of Contract Administration," contracting officers may delegate contract administration authority. The delegation authorizes the appointee to perform specified tasks under an identified contract.

followed by four more I-CORs as late as June 2009. In addition, these I-CORs were assigned to five other Civilian Police Program task orders. The ANP and Civilian Police Program task orders have a total value of \$1.6 billion.

Despite the increased number of I-CORs assigned to the ANP task orders, only three I-CORs were in Afghanistan during our site visit while two I-CORs and the COR were stateside at headquarters. The in-country designation attached to the I-COR is misleading because the majority of I-CORs do not perform their functions in Afghanistan. To adequately fulfill the various roles and responsibilities required of the COR and I-COR, more CORs and I-CORs are required in Afghanistan to perform contractor oversight. For example, performing product and service inspection, accepting work on behalf of the Government, and maintaining inventory lists of Government-furnished property require a physical presence at the place of performance.

According to the I-CORs, they do not have enough staff to sufficiently monitor contractor performance. Due to the number of task orders under the I-CORs purview, the I-CORs stated they can only spend approximately 20 percent of their time on task orders 4305 and 5375. According to the I-CORs, most of that time is spent reviewing contractor purchase order requests and receipt of items in excess of \$3,000. Therefore, the I-CORs did not have time to perform other required tasks, such as performing quality assurance and overseeing Government-furnished property as required by their letters of delegation. According to INL officials, they are billeted for 7 I-CORs however, they have not reached their maximum capacity. To ensure adequate COR and I-COR staffing, the contracting officer should reassess the staffing needs of the ANP task orders and designate the appropriate number of CORs and I-CORs. In addition, the contracting officer should ensure that I-CORs perform their functions in Afghanistan as designated by their “in-country” status.

Quality Assurance Surveillance Plan

DOS contracting and INL program officials did not develop a QASP for task order 4305. A QASP describes the procedures the Government will use to ensure that the actual performance of a contractor meets the requirements of the SOW. According to FAR Subpart 46.4, “Government Contract Quality Assurance,” March 2005, a QASP should be developed in conjunction with the performance work statement. FAR Subpart 46.4 also states that the QASP should include a description of all work requiring surveillance, location of inspections, and the method for accepting the goods or services.

Task order 5375 included a QASP but the QASP was never updated to include requirements established in ten SOWs after it was implemented. Because the QASP was not updated with the additional SOWs, the QASP did not include all requirements in task order 5375. In addition, the QASP specifically identifies four functional areas requiring surveillance including food services, equipment accountability, security, and advisor appointment. For each functional area, a quality assurance evaluator was supposed to establish a surveillance program outlining the frequency and methods for observing or monitoring services. However, the I-CORs in Afghanistan acknowledged that a surveillance program was never created to oversee the four functional areas. As a result,

contract surveillance may not be conducted consistently among a rotational staff of I-CORs.

A defined QASP created prior to the start of contract performance and updated with additional requirements can eliminate gaps in contract surveillance and ensure that goods and services provided by contractors are in accordance with the terms of the contract. Without a proper QASP, contracting officials have no standards for determining whether goods or services provided by contractors comply with contractual requirements. ANP contracting officials should develop a QASP to go along with the SOW for each task order before contract performance begins.

Government-Furnished Property

Neither DOS nor the contractor maintained a current inventory list of Government-furnished property. During our site visits to three ANP training facilities, we were unable to locate over half of the items of a random sample of property generated by the contractor. The FAR 52.245-1, "Government Property," requires a contractor to create and maintain an inventory listing of all Government-furnished and contractor-acquired property in its possession. The inventory must be complete, current, and auditable. Furthermore, the FAR requires the maintenance of specific data, such as product description, manufacturer, model number, unique item identifier (for example, serial number), and unit acquisition cost.

Procurement Information Bulletin 2007-21, "Contractor Held Government Property Requirements," June 27, 2007, specifies responsibilities for the property administrator, including managing all Government-furnished property and contractor-acquired property under the contract. These responsibilities include determining whether property should be provided to the contractor; determining the method of and providing directions on the disposition of property; ensuring contractor compliance with contract requirements for property, including conducting all required inventories; and properly identifying all relevant contracts for all relevant property involved. The delegation of authority for the property administrator provides additional specifics, including monitoring the contractor's management of and quarterly and annual reporting on Government-furnished and contractor-acquired property, ensuring that the contractor conducts all required inventories, and reviewing inventory lists and reports maintained by the contractor to verify that they contain the basic information required by the FAR. This authority was delegated to the COR and the ICORs assigned to task orders 4305 and 5375.

During site visits to three ANP training facilities, we verified only 34 items from a random sample of 123 items from three strata (vehicles, sensitive items [weapons], and electronics). We selected the sample from the contractor's property management system the day before the first inventory check. We considered the items verified if the ANP site coordinators could identify the location of the Government-furnished property or provide supporting documentation to substantiate the item's existence.

During our site visit to the Kandahar training center, we were unable to locate nine sensitive items including pistols, rifles, and scopes at the training site provided on the

inventory list. The site coordinator stated that the property assignments for sensitive items were maintained at the contractor's headquarters in Kabul. At the contractor's headquarters in Kabul, we located or viewed documentation showing that the weapons were signed out by contractor personnel. However, only two other items of the remaining 89 non-sensitive items could be located. The site coordinator stated that the list was inaccurate and out of date but the list was generated by the contractor's logistics coordinator the evening prior to the site visit.

During our site visits to Kandahar, Bamyan, and Herat; the contractors stated that CORs and I-CORs did not conduct regular site visits and never conducted an inventory of Government-furnished property. After a natural disaster occurred at the Kandahar ANP facility that destroyed substantial amounts of Government-furnished property, I-CORs never performed an inventory to assess the extent of destroyed property. As a result, lost, damaged, and destroyed items remained on the property book until August 2009 when the contractor initiated the process with the I-CORs of removing these items from the Government-furnished property list.

Inaccurate inventories resulted from minimal oversight of Government-furnished property and indicate a deficiency in the internal controls of both the contractor and INL. I-CORs should have visited Kandahar regularly and discovered the destroyed equipment and required the contractor to report missing or destroyed equipment immediately, consistent with the requirements in the SOW. The need for complete and accurate accounting for Government-furnished property held by the contractor is critical, as the ANP task orders were scheduled to terminate in January 2010, resulting in contractor-held, Government-owned property to be returned to the Government. Without accurate inventory lists, the I-COR has no means of determining whether all Government-owned property has been properly accounted for.

Contract Files

I-CORs did not maintain the necessary documentation that is required in contract files. The DOS Foreign Affairs Handbook (FAH) states that CORs are expected to maintain a file documenting significant actions and containing copies of trip reports, correspondence, and reports of deliverables received under the contract. The purpose of the file is to provide easy access to technical information and work progress and to ease transition to a new COR. The FAH lists items to be maintained in the files, including the complete procurement request package, the solicitation, the technical and cost proposals submitted by the contractor, the contract and all modifications, progress reports, correspondence and telephone synopses to and from the contractor, documentation of the acceptability or unacceptability of deliverables, documentation of site visits, and copies of invoices.

During our review of the I-COR contract files for task orders 4305 and 5375, we were unable to locate SOWs, copies of invoices, correspondence with the contractor, documentation of acceptability of goods and services, and documentation of site visit results. The I-CORs stated that they maintain COR files on their individual office computer or personal e-mail files; however, we were not shown any evidence other than

some correspondence with the contractor. These files on individual computers are not accessible to other I-CORs.

COR files were particularly important in the field, where I-CORs were rotated frequently and were entitled to 2 months each year away from post for rest and relaxation purposes. Rapidly changing SOWs accompanied with escalating contract costs place a premium on oversight and smooth transition among a constant rotation of I-CORs. However, because the COR files are not readily available to others and may not be complete, incoming or acting I-CORs may not have the information and institutional knowledge they need to properly administer and monitor the contract.

Reviewing Contractor Invoices

CIVPOL contracting officers and their CORs did not review 100 percent of contractor bills to ensure the billings always corresponded to the actual goods and services received. See Finding C for a detailed discussion on the review of contractor bills.

Recommendations, Management Comments, and Our Response

B.1. We recommend the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs and the Commanding General, Combined Security Transition Command-Afghanistan, ensure that the contracting officer for the Civilian Police Program contract perform a complete inventory of Government-furnished property under task orders 4305 and 5375 and reconcile the inventory count to the Government-furnished property book maintained by the contractor.

Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs Comments

The Acting Assistant Secretary of State, INL, generally agreed, stating that INL takes seriously the need to account for Government-purchased property and that INL has completed an inventory of property for the CIVPOL task orders.

Our Response

The Acting Assistant Secretary of State's comments were responsive, and the actions meet the intent of the recommendation.

Combined Security Transition Command-Afghanistan Comments

The Deputy Commanding General, responding for the Commanding General, agreed and stated that CSTC-A formed a working group with INL, Counter-Narcoterrorism Technology Program Office, and the Defense Contract Management Agency (DCMA) that led to the successful exchange of critical information and data necessary for contract transition among agencies. The Deputy Commanding General also stated that INL and

the contractor conducted an inventory of more than 91,000 pieces of property to ensure an easy transition of property from INL to CSTC-A.

Our Response

The Deputy Commanding General's comments were responsive, and the actions meet the intent of the recommendation.

B.2. We recommend the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs:

a. **Ensure that the contracting officer for the Civilian Police Program contract strengthens existing internal controls over contract administration, oversight, and financial reporting to comply with Foreign Affairs Handbook requirements.**

Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs Comments

The Acting Assistant Secretary of State, INL, generally agreed and stated that INL currently has four I-CORs at post and is preparing three I-CORs for deployment. In addition, the Acting Assistant Secretary said that INL is expanding the number of I-CORs at post from seven to eleven within the next several months to enhance the contract oversight capability. The Acting Assistant Secretary added that INL plans to publish I-COR operating procedures and guidelines to standardize their duties.

Our Response

The Acting Assistant Secretary of State's comments were responsive. We believe that increasing the number of I-CORs and publishing the I-COR operating procedures and guidelines will result in improved control over contract administration, oversight, and financial reporting to comply with the FAH.

b. **Ensure that the contracting officer for the Civilian Police Program contract establishes and maintains contracting files that are complete and easily accessible in accordance with the contracting officer delegation letters and the Foreign Affairs Handbook.**

Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs Comments

The Acting Assistant Secretary of State, INL, generally agreed and stated that the COR retains complete contract files in Washington D.C. where the COR is located. The Acting Assistant Secretary also stated that INL intends to provide I-CORs with electronic accessibility to contract files, including a SharePoint site for correspondence.

Our Response

The Acting Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs comments were partially responsive. I-CORs are required to

maintain contract files as delegated by their letters of assignment and the FAH. Contract files need to be readily available to I-CORs in the field so they can respond accurately and rapidly.

Electronic accessibility of contract files and a SharePoint site for correspondence is an acceptable method of maintaining contract files; however, INL did not provide a description of the timeframe to implement an electronic file sharing system. We request that the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs provide additional comments in response to the final report that specify a completion date for establishing an electronic file sharing system.

B.3. We recommend the Commanding General, Combined Security Transition Command-Afghanistan, direct the contracting officer for the new DOD-managed ANP training program to:

a. Designate an administrative contracting officer in Afghanistan to implement immediate changes and conduct contractor oversight.

Combined Security Transition Command-Afghanistan Comments

The Deputy Commanding General, responding for the Commanding General agreed, stating that CSTC-A will implement numerous oversight measures after the contract transitions to CSTC-A. The Deputy Commanding General stated that the Assistant Commanding General-Police Development will provide contract management oversight. Contract management responsibilities will include providing a lead COR and 20 in-country quality assurance representatives. Additionally, the Deputy Commanding General stated that CSTC-A established military contract oversight for all advisors and trainers at three levels—ministerial systems, institutional advisors/trainers, and regional and fielded forces.

Our Response

The Deputy Commanding General's comments were responsive, and the actions meet the intent of the recommendation.

b. Designate a full-time property administrator to oversee all Government-furnished property for contracts supporting the Afghan National Police Program.

Combined Security Transition Command-Afghanistan Comments

The Deputy Commanding General, responding for the Commanding General, agreed, stating that the DCMA will provide property management oversight. In addition, the Deputy Commanding General stated that DCMA will review the awarded contractor's property management system.

Our Response

The Deputy Commanding General's comments were responsive, and the actions meet the intent of the recommendation.

c. Develop a Quality Assurance Surveillance Plan that addresses high-risk areas of the Afghan National Police training contract.

Combined Security Transition Command-Afghanistan Comments

The Deputy Commanding General, responding for the Commanding General, agreed and provided a flowchart of contract responsibility and an organizational structure of the DCMA contract management and oversight process. The Deputy Commanding General stated that the flowchart and organizational structures provide a top-level view of contract management responsibilities for the ANP training program.

Our Response

The Deputy Commanding General's comments were not responsive. The Deputy Commanding General's comments did not indicate that CSTC-A was going to develop a QASP. According to FAR subpart 46.4, a QASP should be developed in conjunction with the performance work statement. Accordingly, we request that the Commanding General provide additional comments in response to the final report that provide greater detail regarding the timing and drafting of a QASP.

d. Establish and maintain contracting files that are complete and easily accessible in accordance with the delegation letters and the Defense Federal Acquisition Regulation Supplement.

Combined Security Transition Command-Afghanistan Comments

The Deputy Commanding General, responding for the Commanding General, agreed and provided a flowchart and an organizational structure of contract responsibility of the DCMA contract management and oversight process. The Deputy Commanding General stated that the organizational structures and flowcharts provide a top-level view of contract management responsibilities for the ANP training program.

Our Response

The Deputy Commanding General's comments were not responsive. The Deputy Commanding General stated that contract management responsibilities will include providing a lead COR and 20 in-country quality assurance representatives. He did not state whether CORs would maintain individual contract files for each contract or task order assigned as required by Defense Federal Acquisition Regulation Supplement 201.602-2, "Procedures, Guidance, and Information." Additionally, the Deputy Commanding General did not state that CSTC-A would maintain the contract documents in an electronic file sharing system, such as the Electronic Document Access system, as required by Defense Federal Acquisition Regulation Supplement 204.2,

“Procedures, Guidance, and Information,” to provide all COR and in-country quality assurance representatives valuable contract information. We request that the Commanding General provide additional comments in response to the final report that provide details on the establishment and maintenance of contracting files.

e. Evaluate and assign the appropriate number of in-country contracting officer’s representatives to oversee the Afghan National Police program.

Combined Security Transition Command-Afghanistan Comments

The Deputy Commanding General, responding for the Commanding General, agreed, stating CSTC-A will implement numerous oversight measures after the contract transitions to CSTC-A. The Deputy Commanding General stated that the Assistant Commanding General-Police Development will provide contract management oversight. Contract management responsibilities will include providing a lead COR and 20 in-country quality assurance representatives. Additionally, the Deputy Commanding General stated that a combined 184 COR and technical officer representatives will report to the lead COR who will oversee all levels of the program. The Deputy Commanding General concluded that military commanders will replace contractors at each training facility to conduct contract oversight, as INL currently does.

Our Response

The Commanding General’s comments were responsive, and the actions meet the intent of the recommendation.

Finding C. Contractor Invoice Review

DOS personnel could not ensure that funds allocated by the DOD for the ANP program were expended to meet DOD requirements in accordance with the MOA between the DOS and DOD. This occurred because DOS did not follow internal control procedures that established that I-CORs were to review contractor invoices to determine if the costs were allowable, allocable, or reasonable prior to payment and validate deliverables. As a result, DOS officials paid the contractor for goods and services that may not have been allowable or reasonable under two of the task orders supporting the ANP contract.

Criteria

The FAH, DOD Regulation 7000.14-R, “DOD Financial Management Regulation,” (FMR), and FAR address the topics of reviewing invoices to ensure that costs are allowable, allocable, and reasonable, and of reviewing contractor payments. Specifically, the FAH states that contractors must periodically submit invoices to request payment. The FMR provides details on contractor entitlement to payment on invoices and the associated documentation requirements. In addition, the FAR states that expenses billed to the Government are limited to costs that are allowable,⁴ allocable,⁵ and reasonable.⁶ The Defense Contract Audit Agency (DCAA) Contract Audit Manual 7640.1, “Defense Contract Audit Manual,” prescribes auditing policies and procedures and furnishes guidance in auditing techniques for personnel engaged in the performance of the DCAA mission.⁷

Review of Contractor Invoices

INL AIJS personnel did not conduct sufficient invoice reviews as required by their delegation letters. These invoice reviews are necessary to determine whether the contractor was entitled to payment for submitted invoices, or prepare and maintain the supporting documents necessary to show contractor entitlement to payment. Specifically, as discussed in Finding B, an I-COR confirmed that no QASP existed and management assessment visits did not occur. Therefore, I-CORs did not conduct site visits to accept or validate delivery of invoiced goods and services; unless the items were sensitive or of a high-dollar value, such as night-vision goggles or armored vehicles. Instead, the I-CORs relied on the contractor to accept delivery of inventory and maintain the supporting documentation to show that goods were received or services were performed. I-CORs did not use standardized procedures to review, deny, or approve contractor-

⁴ A cost is allowable only when the cost is reasonable, allocable, and conforms to the terms of the contract (FAR 31.201-2).

⁵ A cost is allocable if it is (a) incurred specifically for the contract; (b) benefits both the contract and other work, and can be distributed to the contract and other work in reasonable proportion to the benefits received; or (c) necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown (FAR 31.201-4).

⁶ A cost is reasonable if, in its nature and amount, does not exceed that which would be incurred by a prudent person (FAR 31.201-3).

⁷ DCAA’s mission is to perform services regarding contracts and subcontracts to all DOD components responsible for procurement and contract administration.

submitted purchase order requests. In addition, the COR inappropriately approved contractor invoices without assurance that the Government received what it paid for.

Supporting Documentation

An I-COR stated that I-CORs were rarely provided and did not maintain copies of contractor invoices. Instead, an I-COR stated that supporting documentation and invoices were provided to and maintained by AIJS in Washington, D.C., even though they were not accessible to I-CORs. Without invoices, I-CORs did not know what goods were procured and could not accept delivery or review inventory. According to the FAH, volume 14, handbook 2, “Contracting Officer’s Representative,” the COR must maintain a copy of all invoices and vouchers and a payment register, indicating the balance of funds remaining. Furthermore, without these necessary documents, we could not determine if invoices approved for payment by the COR were allowable, allocable, or reasonable within the contract scope. DOS plans to implement a web-based tool that will provide I-CORs access to all contract documentation maintained by AIJS in Washington, D.C.

The FAH, volume 14, handbook 2, also states that contractors must periodically submit vouchers or invoices. The COR should review the vouchers or invoices to determine the validity of the costs claimed and relate total expenditures to the progress of the contract. This is particularly important under cost-reimbursement contracts, where a COR can gain evidence of performance problems through examining the contractor’s vouchers. However, vouchers alone do not provide sufficient information for tracking financial progress. Therefore, the Government is entitled to ask the contractor for information that is necessary to understand whether the charges billed are allowable, allocable, and reasonable—the basic tests that the contractor’s costs must pass to be reimbursed. If it appears from charges billed that the contractor may be spending more than is reasonably necessary for certain parts of the work, the COR should contact the contractor for additional explanation or substantiation for those costs.

Acceptance of Goods and Services

The COR and the I-CORs did not have evidence to support that invoiced goods and services were actually received for the ANP task orders we reviewed because, according to an I-COR, I-CORs did not normally accept delivery of inventory or services; therefore, I-CORs did not prepare and could not maintain receiving reports. The I-COR delegation letters require them to perform inspections and reviews and accept contractor work. We believe that the CSTC-A plan to adequately staff the contract oversight function, as discussed in the management comments on Recommendation B.3.e, will improve the acceptance of goods and services for the ANP training program.

Prior to August 2009, the contractor self procured, self accepted, and invoiced an unlimited number of purchase requests, each of which totaled \$3,000 or less. According to I-CORs, until June 2009, I-CORs did not even review contractor purchase requests below the \$3,000 threshold unless the supply was sensitive, such as night-vision goggles. An I-COR also stated that I-CORs were generally unaware of the items ordered by contractors, and that I-CORs did not have any way to verify if the ordered item was

delivered. The I-COR even acknowledged that it was possible that the Government was being invoiced for equipment that could not be verified as ever having been received.

The FAH, volume 14, handbook 2, states that once acceptance⁸ is accomplished, the contractor is excused from further performance and can no longer be held responsible for unsatisfactory effort. According to I-CORs, the contractor was responsible for self acceptance of goods and services other than sensitive goods and high-dollar value goods, such as up-armored vehicles. Without checks and balances over the procuring, receiving, and invoicing process, the contractor could potentially invoice the Government for goods and services never received or that were unsatisfactory.

Purchase Order Requests

According to an I-COR, I-CORs did not use standardized procedures to review, deny, or approve contractor-submitted purchase order requests. Specifically, the contractor's Logistic Supervisor stated that the contractor had an established property management system, which the contractor used to procure property, register property, and track in-country distributions. According to the contractor's Procurement Manager, the contractor used the property management system to submit purchase order requests and the associated supporting documentation for review by the I-CORs. None of the three I-CORs located in Afghanistan during our site visit were able to use the contractor's property management system to deny or approve contractor purchase order requests. Of the three, only one I-COR even had access to the contractor's property management system; however it was "view only access," and the I-COR was never trained on the system. Therefore, the I-CORs completed the review and denial or approval process of purchase order requests outside the contractor's property management system through e-mail. Not using the contractor's property management system increased the possibility that the same purchase request(s) could be submitted and approved multiple times. We believe that the CSTC-A plan to provide property management oversight and to adequately staff the contract oversight function and, as discussed in the management comments on Recommendation B.3.e, will improve the purchase order review process for the ANP training program.

Invoice Review Process

DOS personnel did not conduct sufficient invoice reviews to determine whether the contractor was entitled to payment for submitted invoices. Specifically, AIJS personnel were responsible for completing a high-level invoice review, which consisted of verifying 10 basic items, such as the vendor name, invoice number, and contract number. Even though this review was in accordance with the Prompt Payment Act⁹ the process did not address whether contractor invoice costs were allowable, allocable, or reasonable. According to a financial management advisor, financial management advisors did not perform reviews for invoices of less than \$3,000. The financial management advisors

⁸ Acceptance means an authorized Government official acknowledges that goods and services received conform to contract requirements.

⁹ The Prompt Payment Act ensures that Federal agencies pay vendors in a timely manner.

performed invoice reviews only on invoices of more than \$3,000, and therefore, did not determine whether the contractor invoice costs were allowable, allocable, or reasonable prior to payment.

Both the contracting officer and the COR responsible for approving the contractor invoices recognized that the invoice reviews were not sufficient to determine whether invoice costs were allowable, allocable, or reasonable prior to payment. The contracting officer signed modification 17 to contract S-LMAQM-04-C-0030, which stated that all invoices were to be treated as provisional and subject to subsequent reviews, audits, and appropriate adjustments. Furthermore, the COR wrote a caveat on the invoices that he signed that referenced modification 17.

AIJS also established a separate Invoice Reconciliation Team. The financial program management advisor stated that her team was reviewing 100 percent of approved invoices under contract S-LMAQM-04-C-0030. As of July 30, 2009, the Invoice Reconciliation Team had not reviewed invoices under task orders 4305 and 5375; however, the AIJS personnel emphasized that they had identified \$322 million in invoices under contract S-LMAQM-04-C-0030 that were approved even though they were not allowable, allocable, or reasonable. Furthermore, the Invoice Reconciliation Team estimated that approximately 50 percent of the approved invoices had errors.

The Invoice Reconciliation Team will not review the invoices paid with ASF funds for several years. A DCAA review of the invoices and public vouchers paid with these funds will allow DOS to collect refunds during the funds' availability periods.

Billing and Payment Entitlement

The COR and I-CORs did not prepare or maintain supporting documents as evidence that the payment of invoices was in accordance with established policy. Specifically, the COR and I-CORs did not prepare or maintain receiving or inspection reports to document contractor entitlement to invoice payments because the COR and I-CORs did not accept delivery of goods and services. The COR and I-CORs also neglected to perform site visits to validate the existence or completion of goods and services. Instead, the COR accepted the contractor's invoice as proof of supply delivery or service completion. Therefore, the contractor's approved invoice ended up serving as the Government's approval of goods or services accepted by the contractor. DCAA identified significant internal control deficiencies in the contractor's billing system.¹⁰

FAR 31.2, "Contracts with Commercial Organizations," August 17, 2007, states that expenses billed to the Government are limited to costs that are allowable, allocable, and reasonable. FMR volume 10, chapter 1, states that contractor invoice payments cannot be made without Government personnel determining entitlement to the payment. Further,

¹⁰ *Report on Audit of Billing System*, Audit Report No. 03181-2009D11010001

receipt of a “proper”¹¹ invoice, proof of receipt, and acceptance, as well as the contract terms and conditions, determine entitlement. According to FMR, volume 10, chapter 7, “Prompt Payment Act,” July 2002, a disbursing office must be provided supporting documents as evidence that the payment is proper. The supporting documents normally consist of a contract, invoices from a contractor, and a receiving report completed by the offices receiving the property or service. According to the FMR volume 10, chapter 8, “Commercial Payment Vouchers and Supporting Documents,” May 2008, a contractor is entitled to payment when the contracting officer issues a contract, prepares a receiving report, and approves the invoice that a contractor submits for payment.

The Government has the right to “disallow” costs and not reimburse the contractor for costs that are unreasonable in nature or amount. The right to exercise this power should encourage the contractor to manage efficiently. When the contractor realizes that the Government is not monitoring performance or watching costs, the likelihood of unreasonable costs in invoicing will increase.

Under the MOA between DOS and DOD, DOS agreed to use the ASF funds provided by DOD to provide support for the ANP training program. The weaknesses we identified in the contractor invoice review process prevent DOS from ensuring that the funds were expended in accordance with the MOA.

Recommendations, Management Comments, and Our Response

Added, Deleted, and Renumbered Recommendations

As a result of management comments and additional audit work, we added Recommendation C.2.a. and deleted draft Recommendation C.2.c. Draft Recommendations C.2.a.-b. were renumbered as C.2.b.-c., respectively.

C.1. We recommend that the Director, Defense Contract Audit Agency:

a. Include public vouchers submitted under task orders 4305 and 5375 of the Afghanistan National Police Program indefinite-delivery, indefinite-quantity contracts as part of its review of public vouchers in accordance with the procedures identified in the Defense Contract Audit Agency Manual 7640.1, “Defense Contract Audit Manual.”

Defense Contract Audit Agency Comments

The Assistant Director, DCAA, agreed, stating that DCAA should have been reviewing the billings submitted to the DOS under task orders 4305 and 5375. However, DCAA has not been provided the funding to perform the reviews of vouchers nor delegated the

¹¹ According to FAR 52.232-25(a)(3), “Prompt Payment,” October 2008, an invoice is considered proper when it contains the name and address of the contractor, invoice date, contract number, description, quantity, unit of measure, unit price, and price of goods delivered or services performed.

authority to approve interim vouchers submitted to the DOS paying office. Therefore, the Assistant Director recommended that DCAA be delegated the authority to review and authorize interim vouchers for reimbursement and be provided funding to accomplish these tasks. The Assistant Director also stated that DCAA will include the follow-on contract in its established pre-payment and post-payment sampling and review plans. As a result, DCAA will review and provisionally approve interim vouchers submitted and the progress or milestone payments.

Our Response

The Assistant Director's comments were responsive, and the actions meet the intent of this recommendation.

b. Conduct an audit of the Afghanistan National Police Program to include cost reimbursable line items.

Defense Contract Audit Agency Comments

The Assistant Director, DCAA, agreed, stating that DCAA met with DOS to explain the audit services available. On September 25, 2007, DCAA submitted a proposal to perform audit services, which was authorized on November 27, 2007, by DOS. However, on October 24, 2008, the DOS contracting officer canceled the authorization; therefore, DCAA did not perform the audits proposed. The Assistant Director also recommended that DOS engage DCAA to perform post-award audits of initial task order award proposals and subsequent task order modifications to ensure that the Government's interest is protected. However, the Assistant Director warned that because DOS did not engage DCAA to perform real-time reviews, the results of DCAA's audits will be qualified.

Our Response

The Assistant Director's comments were responsive, and the actions meet the intent of this recommendation.

C.2. We recommend the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs:

a. Request audit support from DCAA to determine the allowability, allocability, and reasonableness of costs associated with task orders 4305 and 5375.

b. Request refunds from the contractor for any costs determined by the Defense Contract Audit Agency that were not allowable, allocable, or reasonable.

Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs Comments

The Acting Assistant Secretary of State, INL, agreed and stated that INL requested assistance from the DCAA in 2007, and DCAA's work associated with the related task orders started in March 2009. The Acting Assistant Secretary also stated that INL

intends to take appropriate actions once DCAA presents its findings and recommendations.

Our Response

The Acting Assistant Secretary of State's comments were not responsive. In June 2009, DCAA stated that they had not initiated audits on either task order 4305 or 5375; which disputes INL's claim that DCAA started work associated with task orders 4305 and 5375 in March 2009. DCAA's comments on Recommendation C.1.b acknowledge that, on September 25, 2007, DCAA submitted a proposal to perform audit services for DOS. This proposal was authorized by DOS on November 27, 2007; however, on October 24, 2008, the DOS Contracting Officer canceled the authorization. As a result, DCAA did not perform the audits proposed. Without completing the audits, DCAA could not present findings or recommendations to DOS.

We recommend that the Assistant Secretary of State, INL, request audit support from DCAA to determine the allowability, allocability, and reasonableness of costs associated with task orders 4305 and 5375. INL should also follow up on the DCAA audit(s) and take appropriate action based on DCAA's findings and recommendations. Furthermore, we request that the Assistant Secretary of State, INL, provide additional comments in response to the final report, regarding the establishment of an action plan for engaging DCAA audit support and the timeframe for meeting Recommendations C.2.a.-b.

c. Ensure the in-country contracting officer's representatives for the Civilian Police Program contract accept delivery of inventory, prepare receiving reports, and match goods and services against invoices under task orders 4305 and 5375.

Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs Comments

The Acting Assistant Secretary of State, INL, agreed and stated that INL has a fully integrated team for program management and contract oversight. This team consists of three components (I-CORs, program officers, and headquarters in Washington, D.C.) providing accountability through the separation of duties. The Acting Assistant Secretary emphasized that I-CORs serve a similar function as contracting officer's technical representatives.

Our Response

The Acting Assistant Secretary of State's comments were not responsive, and the actions do not meet the intent of this recommendation. Specifically, the audit team recognizes that INL has separate components involved within program management and contract oversight. However, draft Recommendation C.2.b. was written to address the fact that INL did not conduct site visits to accept or validate delivery of invoiced supplies and services, unless the items were sensitive or of a high-dollar value. Failure to accept delivery of inventory, prepare receiving reports, or match goods and services against invoices increased the risk that invoiced goods and services may not have actually been

received. Thus, the Government may have paid for goods and services that were inadequate or not received.

In draft Recommendation C.2.b., we recommended that INL ensure that the I-CORs accept delivery of inventory, prepare receiving reports, and match goods and services against invoices under task orders 4305 and 5375. We request that the Assistant Secretary of State, INL, provide additional comments in response to the final report regarding I-CORs accepting delivery of inventory, preparing receiving reports, and matching goods and services against invoices under task orders 4305 and 5375. The comments should also establish a timeframe for accomplishing Recommendation C.2.c.

Finding D. Financial Management

We were unable to identify contractor invoices and other supporting documents related to \$217 million of expenditures of ASF funds made by DOS because DOS financial managers did not provide detailed transaction data for all expenditures of ASF funds until after we issued our draft report. As a result, we were unable to determine if DOS expended ASF funds provided by DOD in accordance with congressional intent.

ASF Funds Provided to DOS for ANP Training

Since FY 2006, DOD has transferred approximately \$1.04 billion to DOS to support the ANP training and mentoring program. The public laws that appropriated the ASF funds DOD transferred to DOS established time limits on the availability of the funds. Table 1 shows the timing, legislative source, amount, and expiration of these transfers.

Table 1. Funds Transferred to DOS

Date	Public Law Appropriating ASF Funds	Amount Transferred to (from) DOS (in millions)	Funds Expiration
October 2006	109-234	\$ 399.0	September 2007
July 2007	109-234	(11.0)*	September 2007
December 2007	110-28	391.0	September 2008
March 2009	110-252	77.3	September 2009
April 2009	110-252	184.0	September 2009
	Total	\$ 1.04 billion	
* In July 2007, DOS returned \$11.0 million of the funds transferred in October 2006 to DOD.			

The Defense Security Cooperation Agency transferred these funds through memoranda of understanding with DOS and under the authority of the Economy Act, section 1535, title 31, United States Code. These memoranda of understanding authorized DOS to use these funds to obtain the services agreed to in accordance with the MOAs regarding the oversight of the ANP training program (see Appendix C for an example of the MOAs). Under these MOAs, DOS was to use these funds to:

- provide U.S. police advisors and mentors to the ANP;
- provide the advisors with adequate security and logistical, medical, and administrative support;
- provide housing, food, equipment, infrastructure, transportation, and other supplies necessary for the advisors;
- maintain and operate the ANP training centers; and
- develop and implement ANP training programs.

Support for Expenditure Transactions

When we finished our fieldwork in December 2009, DOS financial managers had not yet provided detailed expenditure data that would allow us to match all expenditures with the related contractor invoices and other supporting documentation. In response to our requests for these transaction details during our fieldwork, the INL financial management personnel provided spreadsheets created by INL staff and reports from their accounting system showing disbursements of ASF funds at summary levels. This information indicated that, as of July 2009, DOS had expended approximately \$604 million of the \$1.04 billion of ASF funds provided by DOD. Table 2 shows the fiscal status reported by DOS for the ASF funds.

Table 2. Status of Funds Provided by DOD

Public Law	Amount Transferred (in millions)	Amount Obligated (in millions)	Amount Expended (in millions)
109-234	\$ 388.3	\$ 390.6	\$313.6
110-28	391.0	388.6	289.6
110-252	77.3	75.2	1.0
110-252	184.0	170.6	0.0
Total (in billions)	\$1.04	\$1.025	\$.604

In a further attempt to obtain the transaction details for the disbursements of ASF funds, we requested that the DOS Deputy Chief Financial Officer provide all disbursement transactions for the two ANP training task orders. In response to this request, the DOS Deputy Chief Financial Officer provided extracts from the DOS accounting system showing expenditure transactions for both ANP training task orders. These reports included individual transaction details for expenditures of funds appropriated under Public Laws 109-234, 110-28, and 110-252 totaling approximately \$387 million. Table 3 shows the total expenditures shown in these reports for each of the public laws.

**Table 3. Total Expenditures for Task Orders 4305 and 5375
Provided During Audit Fieldwork**
(in millions)

Public Law	Task Order 4305	Task Order 5375	Total Expenditures
109-234	\$ 113.4	\$ 0.0	\$ 113.4
110-28	149.4	123.6	273.0
110-252	0.0	0.2	0.2
Total	\$ 262.8	\$ 123.8	\$ 386.6

We successfully matched these individual transactions with contractor invoices and found that DOS made these expenditures for goods and services provided under the two ANP

training contract task orders. When we issued the draft report, DOS accounting managers had not replied to our requests for the transaction details for the remaining \$217 million of reported expenditures.

In January 2010, the DOS Deputy Chief Financial Officer provided accounting system reports of all disbursement transactions for funds appropriated under Public Laws 109-234, 110-28, and 110-252. These reports included the expenditures made for contractor invoices submitted for task orders 4305 and 5375, as well as expenditures made for invoices submitted for other expenses. Table 4 shows the total expenditures included in these reports for each of the public laws. These reports appear to include the \$217 million of reported expenditures that DOS did not provide during our fieldwork, as well as expenditures that were made after our fieldwork.

Table 4. Total Expenditures of ASF Funds Provided by DOD
(in millions)

Public Law	Task Order 4305	Task Order 5375	Other Task Orders	Total Expenditures
109-234	\$ 289.8	\$ 0.0	\$ 41.7	\$ 331.5
110-28	150.8	193.3	23.7	367.8
110-252	0.0	42.1	38.9	81.0
Total	\$ 440.6	\$ 235.4	\$ 104.3	\$ 780.3

Because we received this additional data after we issued the draft report, we were unable to perform sufficient testing to verify that DOS had properly accounted for all of the ASF funds provided by DOD.

Much of the ASF funds remained unexpended well after the end of the availability period established in the appropriation laws. Specifically, DOS reported that it had not expended \$56.8 million of the funds appropriated under Public Law 109-234 and had not expended \$23.2 million of the funds appropriated under Public Law 110-28. The Economy Act states,

“...the amount obligated is deobligated to the extent that the agency or unit filling the order has not incurred obligations, before the end of the period of availability of the appropriation, in - (1) providing goods or services; or (2) making an authorized contract with another person to provide the requested goods or services.”

Therefore, DOS should return the unexpended funds.

Recommendations, Management Comments, and Our Response

Revised, Deleted, Added, and Renumbered Recommendations

As a result of additional information, we revised draft Recommendations D.1.a.-c., deleted draft Recommendations D.1.d.-e., and added Recommendation D.2.b. Draft Recommendation D.2. has been renumbered as Recommendation D.2.a.

D.1. We recommend that the Assistant Secretary of State for the Bureau of Resource Management and Chief Financial Officer:

- a. Determine the status of the \$1.04 billion of Afghan Security Forces Funds provided by the Department of Defense to include whether the funds are expended or expired.**
- b. Return funds in excess of the amounts identified as appropriate disbursements to the U.S. Department of the Treasury or the Department of Defense, and at a minimum, return the \$56.8 million of the funds appropriated under Public Law 109-234 and \$23.2 million of the funds appropriated under Public Law 110-28 that had not been expended.**
- c. Determine the impact of any errors identified on the annual financial statements and make appropriate corrections, and communicate these errors to the Under Secretary of Defense (Comptroller)/Chief Financial Officer.**

Assistant Secretary of State for the Bureau of Resource Management and Chief Financial Officer Comments Required

The Assistant Secretary of State for the Bureau of Resource Management and Chief Financial Officer did not comment on the draft report. We request comments in response to the final report by March 9, 2010.

D.2. We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer:

- a. Determine the impact of any errors communicated by the Assistant Secretary of State for the Bureau of Resource Management and Chief Financial Officer on the annual financial statements and make appropriate corrections.**

Under Secretary of Defense (Comptroller)/Chief Financial Officer Comments

The Deputy Chief Financial Officer, DOD, agreed, stating his office will review any errors communicated by DOS and make appropriate corrections to the financial statements.

Our Response

The Deputy Chief Financial Officer's comments were responsive, and the actions meet the intent of the recommendation.

b. Request the Department of State return funds in excess of the amounts identified in Recommendation D.1.b. as appropriate disbursements to the U.S. Department of the Treasury or the Department of Defense, including the \$56.8 million of funds appropriated under Public Law 109-234 and the \$23.2 million of funds appropriated under Public Law 110-28 that had not been expended.

Under Secretary of Defense (Comptroller)/Chief Financial Officer Comments Required

We request that the Under Secretary of Defense (Comptroller)/Chief Financial Officer provide comments in response to the final report by March 9, 2010.

Finding E. Afghan Women's Police Corps

The DOS and DOD ANP Program has not provided the necessary number of trained female police because the training facility lacks the capacity to train an adequate number of Women's Police Corps (WPC) members. The lack of a sufficient number of trained WPC members impairs the effectiveness of the law enforcement function in Afghanistan.

Need for Women's Police Force

Reports issued by DOS and DOD during the past three years have identified the need for an Afghan women's police force. An interagency assessment of Afghanistan's police training and readiness was conducted jointly by the DOS and DOD, which reported in November 2006, that there were only 91 low-ranking female police officers in Afghanistan—a country of approximately 28 million people. The report further stated that the number of female police needed to increase substantially because, in a Muslim society, only female police can closely interact with female suspects and respond to domestic disputes.

INL issued a report, "The Islamic Republic of Afghanistan's Criminal Justice Sector," in July 2008, reiterating that women were vastly underrepresented in Afghanistan's police force. Furthermore, the Afghan MOI has recognized the importance of training female police officers. In the summer of 2008, the MOI issued a directive to the Afghan National Police Academy, the Kabul Zonal Police Command, and the police command centers at the districts and provinces to increase the professional education of the women's police force.

Trained female police officers can effectively perform duties that, given Afghanistan's customs, are more appropriate for women to undertake than men. Examples include staffing of family response units that respond to cases of domestic violence and security tasks at airports and border crossing check points.

Afghan Culture

The Afghan WPC training program has not reached its full potential because of challenges posed by Afghanistan's culture and traditions. Afghan women have traditionally been viewed in a subordinate role.

Although the new Afghanistan constitution, enacted in 2004, advocates equal rights for men and women, in practice, women have still not achieved the equality mandated. Some of the fundamental obstacles and challenges that must be overcome to facilitate women's induction into the ANP are:

- an overwhelming majority of the women in Afghanistan are either uneducated or illiterate;
- religious and cultural taboos regulate women's roles in society;

- women are relegated to traditional roles, such as household or kitchen duties, child rearing, and low-level secretarial work; and
- male family members, tribal leaders, and clerics dictate the roles of women in society, which are generally very restrictive and confined.

Training Capacity

The first INL-funded women's police training program was conducted at the Herat Regional Training Center in July 2007. Planning for a dedicated WPC facility began in February 2008. Following the planning and construction phases, the first WPC training class was held in Kabul in November 2008. According to INL officials, a second WPC training facility in Jalalabad was scheduled to begin training classes in November 2009.

Both the Kabul and Jalalabad facilities are designed to train 30 women recruits over an 8-week training cycle. The Kabul WPC has trained 20 to 42 female police per class through its first four training cycles since November 2008.

While we believe that the U.S.-funded ANP program has laid the foundation for an effective women's police training program, progress made so far is not adequate. At the time of our audit only one women's training facility in Kabul was in operation, whereas there were eight training centers for male police officers in Afghanistan.

According to statistics provided by the U.S. training and mentoring contractor, 172,130 ANP have completed basic and advanced training courses and of those ANP, only 131 are women.

According to the information provided by INL, approximately \$6.6 million was provided to construct and operate the WPC facilities in Kabul and Jalalabad. This amount is insignificant compared to the total funding of approximately \$7 billion provided by the Government for the ANP program.

Recommendations, Management Comments, and Our Response

Redirected Recommendation

We revised draft Recommendation E.1. and E.2. to redirect the recommendations to the Commanding General, Combined Security Transition Command-Afghanistan, in coordination with the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs and the Afghan Ministry of Interior.

E. We recommend that the Commanding General, Combined Security Transition Command-Afghanistan, in coordination with the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs, and the Afghan Ministry of Interior establish and implement a plan within a specific timeframe that will:

1. Increase the training facility capacity for female police members and provide them training to conduct law enforcement in accordance with the requirements of the Capability Milestones discussed in Finding A.

2. Recruit an adequate number of female training instructors and mentors to staff those training centers.

Assistant Secretary of State, Bureau of International Narcotics and Law Enforcement Affairs, Comments

The Acting Assistant Secretary of State, INL, agreed that more resources should be devoted to training Afghan female police but stated that the training requirements and funding are regulated by the Combined Security Transition Command-Afghanistan.

Our Response

According to the Senior IG Advisor, Command Inspector General, Combined Security Transition Command-Afghanistan, DOD will assume responsibility for the Women's Police Corps when the new contract is established. We request that the Commanding General, Combined Security Transition Command-Afghanistan, review the redirected recommendations and provide comments in response to the final report.

Appendix A. Scope and Methodology

We conducted this performance audit from June 2009 through December 2009, in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was a joint audit project between the DOS OIG and the DOD OIG. We visited INL to understand how they manage ASF funds that the DOD provides to operate the ANP Training Program. At their office in Washington, D.C., we met with their staff to determine whether their oversight procedures are adequate and in accordance with the FAR, FAH, and FMR. We specifically sought to determine how INL separately accounts for ASF funds provided by DOD. Our assessment of DOS financial management of ASF funds was limited because DOS did not provide sufficient detailed transaction data for us to determine if DOS expended ASF funds provided by DOD in accordance with congressional intent. We also evaluated whether INL is adequately overseeing contract management requirements including reporting to DOD and working with DOD to complete curriculum adjustments as mandated by the MOA between DOS and DOD.

We focused on FY 2006 through 2009 because this was the period that DOS and DOD entered into agreements to train the ANP together. We requested that INL provide us with the task orders associated with this contract that were funded by ASF funds for ANP training. We then reviewed a non-statistical sample of 25 INL invoices and the attached supporting documentation, including airline tickets, equipment purchase orders, meals reimbursement vouchers, and medical fee vouchers to verify that we were provided a complete list. After this review, we requested documentation that showed the total amount of ASF funds disbursed for the task orders identified. We examined the spreadsheets prepared by INL and requested supporting documentation for the amounts shown.

We traveled to Afghanistan and visited the contractor-run training centers used to train the ANP. We interviewed the respective staffs of INL and the contractor and reviewed their records to document the organizational and cultural challenges they face in recruiting and training the ANP. We reviewed the contractor's inventory records and conducted a physical inventory of 123 items of randomly selected, Government-furnished property. We worked with contractor personnel to locate the items at the RTCs in Kabul, Kandahar, Bamyan, and Herat. We also established an understanding of the staffing requirements necessary to successfully train the ANP. We reviewed the training curriculum and determined the level of adequacy of communication between DOD and the contractor in creating changes. We also met with INL I-CORs to determine the completeness of their files and adequacy of their oversight of the ANP training program.

While in Afghanistan, we also visited several of the commanders of CSTC-A to determine the challenges they face with the current MOA and the CIVPOL contract

between the DOS and DOD. Based on the information obtained from CSTC-A and INL, we determined whether the needs of DOD and the overarching national strategy for Afghanistan are being met through the current arrangement.

Use of Computer-Processed Data

We were provided several documents from INL in various computing formats. The majority of the documents were Microsoft Excel documents created by INL for their recordkeeping purposes, and others were created by the contractor to provide clarity on the claims made by INL and CSTC-A. We were also provided documents from the Global Financial Management System used by DOS. We obtained a list of Government-furnished property from the contractor's property management system, and generated a randomly selected list of vehicles, computers and other electronics, and sensitive items (weapons) to verify accountable property. We did not test the reliability the Global Financial Management System or the contractor's property management system because the data contained in these systems did not materially affect our findings or recommendations.

Prior Coverage

During the last five years, the Government Accountability Office (GAO), the DOS IG and DOD IG jointly, and the Special Inspector General for Afghanistan Reconstruction (SIGAR) have issued three reports discussing the ANP challenges, readiness, and contractual oversight issues. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DOD IG reports can be accessed at <http://www.dodig.mil/audit/reports>. Unrestricted DOS IG reports can be accessed at <http://www.oig.state.gov>. The related unrestricted SIGAR report can be accessed at <http://www.wifcon.com>.

GAO

GAO Report No. GAO-09-280, "Afghanistan Security - U.S. Programs to Further Reform Ministry of Interior and National Police Challenged by Lack of Military Personnel and Afghan Cooperation," March 2009

DOS IG and DOD IG

DOS IG Report No. ISP-IQO-07-07/ DOD IG Report No. IE-2007-001, "Interagency Assessment of Afghanistan Police Training and Readiness," November 14, 2006

SIGAR

Special Inspector General for Afghanistan Reconstruction (SIGAR) Audit-09-1, "Contract Oversight Capabilities of the Defense Department's Combined Security Transition Command-Afghanistan (CSTC-A) Need Strengthening," May 19, 2009

Appendix B. Congressional Request

ROBERT C. BYRD, WEST VIRGINIA
PATRICK J. LEAHY, VERMONT
TOM HARKIN, IOWA
BARBARA A. SHARPS, MARYLAND
JERRY BOHL, MISSOURI
PATTY MURRAY, WASHINGTON
EMILY L. LOHMEYER, NORTH DAKOTA
DANIEL P. FEINSTEIN, CALIFORNIA
RON W. JOHNSON, IOWA
THOMAS R. CARPER, DELAWARE
MARK L. ROBERTS, KANSAS
JACK REED, RHODE ISLAND
BLAKE R. LEIBERT, NEW JERSEY
EDDY NEASE, NEBRASKA
NANCY PIVKO, ARIZONA
JON TESTER, MONTANA
THOMAS COCHRAN, KENTUCKY
ARLEN SPECTER, PENNSYLVANIA
CHARLES SCHUMER, NEW YORK
MITCH MCCONNELL, KENTUCKY
RICHARD C. SHULZ, ALABAMA
JUDITH CRISP, NEW HAMPSHIRE
ROBERT F. CORKER, TENNESSEE
RAY BADEL, MICHIGAN
SAM BROWNBACK, OREGON
LAMAR ALEXANDER, KENTUCKY
SUSAN COLLINS, MAINE
GERARD E. CONNOR, OHIO
LISA MURKOWSKI, ILLINOIS
CHARLES E. SCHUMER, SENIOR DIRECTOR
BRUCE EVANS, SENIOR STAFF DIRECTOR

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-8025
<http://appropriations.senate.gov>

April 2, 2009

The Honorable Gordon S. Heddell
Acting Inspector General
Department of Defense
400 Army Navy Drive
Arlington, VA 22202-4704

Dear Inspector General Heddell:

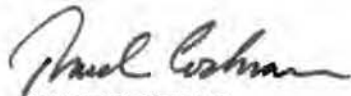
As you are aware, the Department of Defense relies on the Department of State/Bureau of International Narcotics and Law Enforcement Affairs (INCLE) to contract for the police trainers under the Afghanistan Security Forces Fund. It is our understanding that, to date, INCLE has obligated an estimated \$860 million in Department of Defense funds for this purpose, with a potential new contract worth \$450 million.

We are writing to request that your office conduct an audit of the administration and expenditure of these funds for the purposes of training and equipping the Afghanistan police force. Specifically, we are asking your offices to review a copy of the contract, appropriate task orders, statements of work, any contract/task order modifications and to review these documents to ensure they comply with all relevant Federal regulations and meet the needs of the Department of Defense. Further, we would ask you to review copies of contractor invoices to ensure that claimed costs are allowable, allocable, and reasonable for the services received.

We respectfully request that you start this review as soon as possible and that you keep us apprised of your progress. The point of contact for this request is Nicole Diresta, [REDACTED]

Thank you in advance for your timely attention to this request.

Sincerely,



THAD COCHRAN
Vice Chairman
Committee on Appropriations
Subcommittee on Defense



DANIEL K. INOUE
Chairman
Committee on Appropriations
Subcommittee on Defense

Appendix C. Memorandum of Agreement

MEMORANDUM OF AGREEMENT BETWEEN THE UNITED STATES DEPARTMENT OF DEFENSE AND THE UNITED STATES DEPARTMENT OF STATE

United States Department of Defense (DoD) hereby agrees to provide funds to the United States Department of State (DoS) in accordance with this Memorandum of Agreement (MOA), and DoS hereby agrees to provide services to DoD in accordance with this MOA.

I. AUTHORITY AND PURPOSE

This MOA sets forth the terms and conditions under which DoD and DoS will continue to cooperate in their support of the development of the Afghanistan National Police (ANP) through the Afghan Civilian Advisor Support (ACAS) contract required to achieve a competent and professional police force in Afghanistan. This MOA provides a framework for transferring \$300,000,000 to \$450,000,000 from DoD to DoS from the FY08 and FY09 Afghanistan Security Forces Fund appropriation, funded in P.L. 110-252 and relevant subsequent legislation, under the authority of the Economy Act (31 U.S.C. 1535), for the training and mentoring of the Afghan National Police (ANP) and for providing other services in accordance with this MOA. This funding amount may be increased by mutual written agreement of both parties.

Services performed under this MOA may include those performed by contract personnel whose activities will be directed and coordinated by DoS, including the Bureau for International Narcotics and Law Enforcement Affairs and the U.S. Embassy in Kabul, in cooperation with the Combined Security Transition Command – Afghanistan (CSTC-A). This MOA also provides management controls and procedures for the transfer of funds from DoD to DoS and for the accountability of those funds for the ANP training program.

1. The U.S. Chief of Mission provides policy guidance. The Secretary of Defense is responsible for ensuring funds are expended for the Afghan National Security Forces, in accordance with applicable laws and regulations, in the most effective manner to meet DoD requirements.
2. DoD, with Commander, CSTC-A as its executive agent, executes the overall Afghan National Security Forces (ANSF) Development Program and has directive

authority of DoD-funded efforts to organize, train, and equip the ANSF. Such directive authority does not constitute authority to direct the ACAS contract. Commander, CSTC-A determines overall program requirements, executes the program, and allocates funds from the Afghanistan Security Forces Fund (ASFF) in accordance with policy direction from the U.S. Chief of Mission and Commander, USFOR-A. Within DOD, Commander, CSTC-A has final authority to expend funds from the Afghanistan Security Forces Fund in support of the ACAS contract.

II. RESPONSIBILITIES:

A. Joint action by DoD and DoS:

1. DoS agrees to assign a Senior Police Program Manager (SPPM), who will coordinate with the Director of the Embassy's International Narcotics and Law Enforcement/Narcotics Affairs Section Kabul (INL/NAS-K) and with DoS/INL to ensure that sufficient personnel and assets are provided on a timely basis to meet requirements for the ACAS contract as determined by CSTC-A.
2. DoS also agrees to assign a Civilian Police Liaison Officer (CPLO) with In-country Contracting Officer Representative (ICOR) authority to serve as the primary point of coordination among CSTC-A, INL/NAS-K, and the commercial contractor providing training and mentoring under the ACAS contract.
3. A joint DoD-DoS Police Program Planning Board (JPPPB) provides recommendations to the Commander, CSTC-A and INL/NAS-K Director for any programmatic and functional changes to the police program. Recommendations should address, inter alia, short-, medium- and long-term program planning requirements as well as all new programs, plans, initiatives, or practices. The JPPPB will meet on an as-needed basis, at the request of the INL/NAS-K Director or Commander, CSTC-A, in consultation with the other. All recommendations of the JPPPB must be approved by Commander, CSTC-A and the INL/NAS-K Director before taking effect.
4. The JPPPB is chaired by the senior deputy for the Afghan Police Program to Commander, CSTC-A, and consists of a senior U.S. Embassy Political-Military representative, Director of CSTC-A CJ7, the Director of CSTC-A

CJ5, NAS Senior Police Program Manager (SPPM), Senior Police Advisor (SPA), and Civilian Police Liaison Officer (CPLO). Contractors will not be members of the planning board, but may be called upon as subject matter experts as required. Representatives from the European Union Police (EUPOL) and other organizations may also be invited to participate on a selective basis.

5. INL/NAS-K, in coordination with DOS/INL, will provide to the Chief of Mission a quarterly police program progress report through the Commander, CSTC-A, and Director, INL/NAS-K. The report will include, inter alia, a summary of quarterly training statistics, mentoring statistics, and a thematic summary including Focused District Development (FDD), In-District Reform (IDR), the Afghan Border Police (ABP), the Afghan National Civil Order Police (ANCOP), the Womens Police Corp (WPC), the Family Response Unit (FRU), and any other significant events.

6. CSTC-A will coordinate CTC-RTC Programs of Instruction (POI) changes with INL/NAS-K. Final authority for and acceptance of POIs rests with DOS/INL and CSTC-A. DoS/INL, INL/NAS-K will distribute POIs to the CTC-RTCs, and CSTC-A will distribute POIs to the Police Mentoring Teams (PMTs) and other mentors conducting training for the ANP to ensure Afghanistan-wide training standardization.

B. DoS shall:

1. Administer through DoS/INL and INL/NAS-K, the ACAS program in coordination with overall direction from CSTC-A.
2. Accept the ASFF, as specified in attachment(s), from DoD and execute the program in accordance with this MOA at an actual cost not to exceed \$300,000,000 to \$450,000,000, or other cost ceiling as mutually agreed in writing by the parties. "Actual cost" includes administrative expenses incurred by DoS that are directly related to activities performed for DoD under this MOA.
3. Continue to implement the police training and mentoring program, and be responsible through DoS/INL and INL/NAS-K for overseeing the execution of contracts to provide adequate qualified civilian police mentors/advisors, trainers, and other required support personnel to meet training requirements identified by CSTC-A and coordinated with DoS.

4. Manage, operate, and maintain, through INL/NAS-K, the DoS-established Central Training Center (CTC) and seven Regional Training Centers (RTC) located in Bamian, Jalalabad (which includes the Jalalabad Mentor Site Two), Konduz, Mazar-e-Sharif, Herat, Kandahar, Gardez, and the Islam Qala Forward Operating Base, and any other DoS-established facilities to conduct individual police training programs in support of an agreed-upon number of police officers for each year covered by this MOA.

5. Determine, through the INL/NAS-K Director and his/her staff, what training courses can be facilitated at the site and who will be permitted to reside at or make use of the facility. Although these eight facilities noted in paragraph 4 (above) are primarily utilized for police training, they also serve as training sites for various DoS training programs including training for judges, prosecutors and corrections officers, and other DoS programs as needed. Although CTC and RTC facilities are used for other non-police training programs, any reduction in the capacity to train the required number of police, as agreed in this MOA, will be coordinated with CSTC-A. Costs for training and support to other than police training at the CTC and RTCs will be funded from other sources.

6. Ensure that training aids and equipment sets will be located at the CTC-RTCs to support the training of ANP.

7. Continue to identify, provide, and support U.S. police advisors to serve as mentors, field trainers, or advisors (collectively, "Advisors") in the ACAS.

8. Contract to provide qualified police to serve as field mentors using funds provided in this Agreement as required by CSTC-A. This requirement is expected to increase as additional PMTs are fielded. DoD will provide additional funding as required to enable this increase in contracted police mentors, subject to availability of funds. CSTC-A will communicate the requirement to increase the number of civilian police mentors and the location for those mentors to DoS/INL, through INL/NAS-K, with at least 120 days notice.

9. Second or assign all PMT members to and under the direction of the Commander, Afghanistan Regional Security Integration Command (ARSIC Cdr) and/or ground force commander responsible for police activities, and to report through the CSTC-A chain of command. Prior to deployment of any

contracted personnel, DoS/INL, through INL/NAS-K, will review the security assessment of all current and proposed locations to which contracted personnel will be deployed. Based on this assessment, DoS/INL will approve or deny the deployment. Once control passes to the ARSIC Cdr, the ARSIC Cdr is responsible for the safety of the civilian police mentors. DoS/INL remains responsible for administrative and logistical support for the contracted civilian police mentors as well as ensuring that activities performed by the mentors are within DOS guidelines and within the scope of the ACAS contract. CSTC-A will provide at least 120 days notice to DoS/INL, through INL/NAS-K, in case of a required move of a PMT to a different location.

10. Contract to provide to CSTC-A an agreed number of mentor-advisors to MOI staff organizations per CSTC-A's requirements. CSTC-A will determine the mentor-advisor positions and will provide DoS/INL, through INL/NAS-K, the requested positions within 120 days of the date the position is requested to be filled. These mentors will be seconded/assigned to and operate under the direction of CSTC-A with oversight by INL/NAS-K with respect to allowable contracted activities. DoS/INL, in coordination with INL/NAS-K, will draft position descriptions and instruct the contractor to recruit and fill the requested positions for one-year assignments. DoS/INL, in coordination with INL/NAS-K, will have the authority to accept or reject the proposed recruits. After the positions have been filled, CSTC-A will notify DoS/INL, through INL/NAS-K, of any change in the position within 120 days of the one-year contract's expiration term.

11. Respond to any additional requirements for MOI staff mentors provided by CSTC-A to INL within 120 days.

12. Unless otherwise agreed, ensure that funds provided pursuant to this agreement are obligated, for the purposes specified herein, by no later than **July 31, 2009 for funds expiring September 30, 2009**, and that these expenditures conform to this MOA. In the event funds remain unobligated after July 31, DoS shall convey in writing to DoD/CSTC-A plans to obligate all remaining funds and provide a timeline for doing so. Upon receipt of DoS obligation plans, DoD/CSTC-A will notify DoS in writing within 10 days that the proposal has been either accepted or rejected. If DoD/CSTC-A rejects the proposal, funds not obligated by DoS by that date, or as otherwise agreed, will be promptly returned to DoD.

13. Designate one or more in-country contracting officer's technical representative(s) to provide direct oversight of the contract and provide quality assurance to the COR.

14. Provide, thirty (30) days prior to the end of each quarter, the DoD Financial Officer Point of Contact and CSTC-A with quarterly reports of goods and services provided pursuant to this MOA, including accounting or audit information, concerning all funds provided in accordance with the terms of this MOA. DoS agrees to use the attached format at Enclosure 1 to meet statutory reporting requirements, unless modified by mutual agreement. DoS shall describe its funding requirements by quarter for the current fiscal year and project its annual requirement for the next fiscal year. Funding request data will be provided in sufficient detail, by project requirement, to allow DoD to validate that the proposed use of the funds is appropriate for ASFF monies. Initial funds provided by DOD through a MIPR are to be transferred upon receipt of the last signature on this MOA. Additional funds shall be transferred upon receipt of subsequent ASFF appropriations, validated funding requirements as identified by DOD and DOS, and receipt of conforming quarterly obligation reports from DoS.

15. Allow selected OSD, Army-Comptroller, and CSTC-A personnel to review the Task Order (i.e., ACAS) issued for the Afghanistan Police capacity effort. DoD agrees that this copy is for "viewing only" and shall not disseminate it without the express written permission of DoS/INL. The personnel who will be allowed to see this are: OSD-Comptroller Afghan Security Force Funding Analyst; Army-Comptroller Afghan Security Forces Funding Analyst; DoD Office of General Counsel; CSTC-A Assistant Commanding General for Police Development; CSTC-A Director of Training (CJ-7), CSTC-A Deputy Director of Training (CJ-7), and the CSTC-A Contracting Officer Technical Representative in Country (CJ-8)

16. Provide DoD (OSD, Army Staff, and CSTC-A) pertinent police capacity information contained within the associated ACAS SOW. The SOW sets forth all of the program performance elements necessary to complete the intended mission contracted for by DoS/INL. Requests for SOW information in Afghanistan will be made through the INL Director's Office at the Embassy in Kabul, Afghanistan. INL I-CORs will facilitate the provision of the requested SOW information in Afghanistan; and in Washington, DC, the DOS INL COR office will perform this role.

17. Administer the funds provided through an Economy Act order under this MOA in accordance with all applicable laws and policy. The funds to be provided to DoS pursuant to this MOA currently expire on September 30, 2009. In accordance with applicable law, the period of performance for all task orders funded with these funds must begin prior to September 30, 2009, and may not exceed one year. DoS shall keep complete records and exercise due diligence in the use of funds provided under this MOA, in accordance with generally accepted U.S. Government accounting principles. Records shall include a record of procurement and other related costs, and will track items and services through delivery to trainees.

18. Ensure the Chief of Mission and Commander, CSTC-A are fully informed of all activities and operations using these funds, including results of DoS monitoring and reporting. DoS shall fully cooperate with the conduct of official financial and program reviews involving these funds.

19. Within 90 days after conclusion of its responsibilities under this MOA, report to the DoD Financial Officer that the funds were expended for the provided purposes or, with respect to excess funds, returned to DoD.

C. DoD shall:

1. Provide funds through a MIPR or MOA in an amount not to exceed \$450,000,000 from the FY08 and FY09 Afghanistan Security Forces Fund appropriation to DoS as reimbursement for support provided to DoD. All FY08 and FY09 funds to be transferred from ASFF must be provided to DoS through a MIPR no later than July 31, 2009. The limit may be increased by mutual written agreement of both parties.

2. Retain end-use monitoring and other accountability responsibility for any goods or equipment provided to ANP not purchased with funds transferred pursuant to this MOA.

3. Consult in advance with DoS in instances when DoD provides other assets to any part of the Afghan National Police and that could be seen to be duplicating activities already underway in the DoS program. Any overlap will be de-conflicted to both parties' satisfaction before any new personnel are deployed.

4. Recognize that the CTC and RTCs are DoS training facilities, and are not to be used as logistics bases, staging facilities for personnel not associated with the police program, or bases for military operations without prior coordination with DoS/INL through INL/NAS-K. They are also not strictly police training facilities, but support other DoS training activities.

5. Provide, in provinces and districts designated for ACAS activities, security and transportation for trainers and mentors who must execute their duties at the district and village levels. Provide security for DoS/INL-contracted civilian police mentors assigned to the PMTs.

6. Provide a six-month training requirements forecast that will be updated every 30 days. CSTC-A will provide any changes in training requirements to DoS/INL, through INL/NAS-K, by no later than 120 days prior to execution of the change.

7. Provide proposals for additional requirements to support Police Programs, as well as additional requirements that support overall ANSF development that are most effectively and efficiently supported through coordinated effort with DoS/INL. DoS/INL, through INL/NAS, will inform CSTC-A of any additional funding needed to support the new requirements, and CSTC-A will provide required funding as appropriate and subject to availability.

8. Provide to INL and NAS-K the location of all appropriations language and financial rules and regulations pertaining to this effort.

9. Advise DoS if the FY09 ASFF expiration date is extended through September 30, 2010.

10. Provide DoS with a list of sites containing applicable DoD regulations within 10 days from receipt of this signed MOA.

D. Licensing

Any license or other authorization that may be required or warranted under the Arms Export Control Act (AECA), 22 U.S.C. 2778, or the Export Administration Regulations (EAR) for export by commercial entities or persons of any items covered by this MOA will be the responsibility of such entities or persons to secure.

III. PERIOD OF AGREEMENT

This MOA will take effect on the date of the last signature below and will continue until such time as the services provided under this MOA, including any services procured by contract, are complete or otherwise terminated. This MOA may be modified, extended, or canceled upon written mutual agreement of DoD and DoS. Upon execution of this MOA, a signed original of the MOA will be provided to DoD. A second signed original of the MOA will be provided to DoS.

IV. MISCELLANEOUS

Other Relationships or Obligations. This MOA will not affect any preexisting or independent relationships or obligations between DoD and DoS, or between DoD and DoS/INL and/or INL/NAS-K.

Severability. If any provision of this MOA is determined to be invalid or unenforceable, the remaining provisions will remain in effect and unaffected to the fullest extent permitted by law and regulation.

This MOA may be terminated at any time by either DoD or DoS upon 90 days advance written notice.

V. POINTS OF CONTACT

Financial and programmatic questions should be directed to the departmental points of contact (POCs) listed below. Although these POCs are authorized to implement the provisions of this MOA, they are not authorized to modify, waive, or release any provisions of this agreement.

Financial Officers:

For the Department of Defense:

[REDACTED]
Country Finance Director - Afghanistan
Defense Security Cooperation Agency
[REDACTED]

For the Department of State:

[REDACTED]
INL Budget Officer [REDACTED]
International Narcotics and Law Enforcement Bureau
2430 E ST NW, Room 119
Washington D.C. 20520

Technical Representatives:

For the Department of Defense:

[REDACTED]
Afghanistan Country Director [REDACTED]
Central Asian Affairs (APSA)
2700 Defense Pentagon
Washington D.C. 20301
[REDACTED]

For the Department of State

[REDACTED]
APP Program Manager [REDACTED]
International Narcotics and Law Enforcement Affairs
Department of State
2430 E. Street, N.W.
South Building, SA-4

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Washington D.C. 20520
[REDACTED]

[REDACTED]
Division Chief / COR
DoS/INL/RM/AIJS
Afghanistan, Iraq, & Jordan Support Division (RM/AIJS)
Bureau of International Narcotics & Law Enforcement Affairs (INL)
Department of State (DoS)
1800 G Street NW
SA-22, Suite 2301
Washington, DC 20520
Office Telephone: [REDACTED]
Cell Telephone: [REDACTED]
Email Address: [REDACTED]
Class Net: [REDACTED]

[REDACTED]
Lead In-Country Contracting Officer Representative (ICOR)
International Narcotics and Law Enforcement (INL)
INL/RM/AIJS
U.S. Embassy, Department of State
Kabul, Afghanistan
[REDACTED]
[REDACTED]

FOR THE DEPARTMENT
OF STATE

[REDACTED]

23 Feb '09
Date

Assistant Secretary,
Bureau for
International
Narcotics and Law
Enforcement

FOR THE DEPARTMENT OF
DEFENSE

[REDACTED]

February 19, 2009
Date

Deputy Assistant Secretary
of Defense for Central Asia

- 13 -

Drafted: INL/AP [REDACTED], NAS Kabul [REDACTED]

Cleared:

INL/AP:

INL/RM:

INL/RM/BUD:

INL/RM/PA&E:

INL/RM/AIJS:

F:

P:

S/P:

L/LEI:

SCA:

DOD:

cleared with CSTC-A, OGC, OSD/P

Appendix D. Memorandum Report



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

OCT - 9 2009

MEMORANDUM FOR COMMANDER, U.S. CENTRAL COMMAND
COMMANDER, U.S. FORCES-AFGHANISTAN
SPECIAL ENVOY FOR AFGHANISTAN AND PAKISTAN
U.S. AMBASSADOR TO AFGHANISTAN
ASSISTANT SECRETARY OF STATE FOR BUREAU FOR
INTERNATIONAL NARCOTICS AFFAIRS AND LAW
ENFORCEMENT
DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR
AFGHANISTAN, PAKISTAN, AND CENTRAL ASIA
COMMANDER, COMBINED SECURITY TRANSITION
COMMAND-AFGHANISTAN

SUBJECT: Need for a Transfer Oversight Workgroup for the Afghan National Police
Training Program

In August and September 2009, we performed fieldwork for the audit of Department of Defense (DOD) obligations and expenditures of funds provided to the Department of State (DOS) for the training and mentoring of the Afghan National Police (DOD IG Project No. D2009-D000JB-0230.000, DOS IG Project No. 09MERO3009). We visited six of the eight police training facilities operated by the DOS Bureau of International Narcotics and Law Enforcement Affairs-Narcotics Affairs Section-Kabul (INL-K) throughout Afghanistan. We also visited the Combined Security Transition Command-Afghanistan (CSTC-A) at Camp Eggers. We are concerned that the communication and coordination between DOD and DOS may not be sufficient to ensure an effective transfer of the Afghan National Police (ANP) training program from DOS to DOD.

Background

The Senate Appropriations Committee requested that the DOD Inspector General (DOD IG) audit the obligations and expenditures of Afghanistan Security Forces (ASF) funds transferred to DOS for the training and mentoring of the ANP. Furthermore, the Senate asked the DOD IG to assess whether the current DOS contract to train and mentor the ANP is meeting the needs of the current national strategy. The DOD IG and DOS Inspector General (DOS IG) initiated a joint audit to respond to this request in June 2009.

In 2005, DOS contracted with DynCorp International to provide personnel and services for the ANP. DOD began funding the ANP training program through the existing DOS contract in September 2006. Currently, DOD transfers ASF funds to DOS to support the ANP training and mentoring program. DOS manages the contract and uses these funds to develop curriculum, provide police trainers and mentors, and maintain the major training facilities. DOD implements other program elements, including supplying and equipping the ANP and providing post-training support. In August 2009, DOS and DOD agreed to transfer responsibility for the ANP training program to DOD because the lack of a single, unified chain of command results in confusion and unnecessary delays in implementing the program. Additionally, the ANP training program now includes counterinsurgency and tactical skills, which are similar to those provided to the Afghan

National Army through DOD training programs. The U.S. military is more suited to manage many aspects of this expanded role.

New Contract Arrangement

When the current contract expires on January 30, 2010, DOD will assume control and primary responsibility for the ANP contract. Under the new arrangement, DOD will also assume responsibility for the police training facilities, basic ANP training, and mentoring within the Ministry of Interior and will maintain responsibility for the police mentoring teams embedded in ANP units throughout the Afghan districts. However, DOS will maintain responsibility for specialized training including the Criminal Investigations Division, Women's Police Corps, and Family Response Units. DOD and DOS will need to determine funding and facility usage to provide the specialized training.

A smooth transfer of the equipment and data associated with the ANP training program is crucial to a successful transfer of the program to DOD. Accordingly, DOS and DOD should carefully consider how the program's assets and information will be transferred. To assist the transfer from DOS to DOD and ensure effective communication between the two organizations, we recommend that a transfer oversight workgroup be formed to manage areas such as Government property transfers, the training centers, logistics, contracting, information technology, the training curriculum, resource management, recruits' biometric data, and programs of instruction. The workgroup should be jointly led by a two-star or higher Flag Officer and a DOS equivalent.

We appreciate your immediate action, and we request that you apprise us by October 23, 2009, of actions taken or to be taken. Please respond to Mr. Mark A. Ives, [REDACTED] and Mr. James B. Pollard, [REDACTED].



Paul J. Granetto
Principal Assistant Inspector General
for Auditing
Department of Defense
Office of Inspector General



Richard G. Arntson
Assistant Inspector General for
Middle East Regional Office
Department of State
Office of Inspector General

cc:

Under Secretary of Defense for Acquisition, Technology, and Logistics
Under Secretary of Defense (Comptroller)/Chief Financial Officer
Under Secretary of State for Management
Special Inspector General for Afghanistan Reconstruction
Inspector General, Department of State
Director, Defense Security Cooperation Agency
Commander, Combined Joint Task Force-82
Commander, Joint Contracting Command-Iraq/Afghanistan
Director of Development and Assistance-Afghanistan, Department of State

Appendix E. Management Comments on the Memorandum Report



HEADQUARTERS
UNITED STATES FORCES-AFGHANISTAN
KABUL, AFGHANISTAN
APO AE 09356

USFOR-A DCDR-S


31 October 2009

MEMORANDUM FOR Department of Defense, Office of Inspector General 400 Army Navy Drive, Arlington, VA 22202-4704

SUBJECT: USFOR-A Endorsement of CSTC-A Response to DoD-IG Memorandum Stating Need for a Transfer Oversight Working Group for the Afghan National Police Training Program

1. Reference memorandum, DoD-IG, 09 Oct 2009, subject: Need for Transfer Oversight Working Group for the Afghan National Police Training Program.
2. I endorse and fully concur with the Commander, Combined Security Transition Command-Afghanistan response. The working group established on 3 Aug 2009 by International Narcotics and Law Enforcement Affairs (INL), Counter Narcotics-Terrorism Technology Program Office (CNTPO), and the Defense Contract Management Agency (DCMA) addresses the requirements and concerns outlined in the DoD-IG memorandum. The working group consists of several field grade officers and two General Officers that maintain oversight of the contract transfer process.
3. Point of contact for this action is USFOR-A IG, Col Lawrence Brundidge, [REDACTED]

Encl
CDR CSTC-A Response Memorandum
USFOR-A Response Endorsement


JOHN A. MACDONALD
Major General, USA
Deputy Commander, Support
United States Forces- Afghanistan



DEPARTMENT OF DEFENSE
COMBINED SECURITY TRANSITION COMMAND – AFGHANISTAN
OPERATION ENDURING FREEDOM
KABUL, AFGHANISTAN
APO AE 09356

REPLY TO
ATTENTION OF

CSTC-A-CG

34 02 09

MEMORANDUM THRU

United States Forces – Afghanistan (CJIG), APO AE 09356
United States Central Command (CCIG), MacDill AFB, FL 33621

FOR Department of Defense, Office of Inspector General 400 Army Navy Drive,
Arlington, VA 22202-4704

SUBJECT: Need for Transfer Oversight Workgroup for the Afghan National Police
Training Program

1. Reference memorandum, DoD IG, 09 Oct 09, subject as above.
2. Combined Security Transition Command – Afghanistan (CSTC-A) recognizes the need for oversight to ensure a smooth transition of the Afghan National Police (ANP) Training Program from Department of State (DoS) to Department of Defense (DoD). CSTC-A will conduct in-progress reviews (IPRs) with Mr. Sedney (Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia) and DoS representatives to facilitate coordination and ensure the seamless transfer of data, equipment, and program responsibilities. As the contract transfer progresses, we can relook the frequency of the IPRs and coordination meetings.
3. On 3 August 2009, CSTC-A, DoS - International Narcotics and Law Enforcement Affairs (DoS - INL), Counter Narcotics-Terrorism Technology Program Office (CNTPO), and Defense Contract Management Agency (DCMA) formed a working group to address the turnover of the current contract. This group consists of 10 field grade officers with disciplines in personnel, logistics, and contract management. Additionally, we have experts in police training and management, a liaison officer from DoS, and two General Officers from my staff to oversee the contract transfer process.
4. Throughout the transfer process, our team has conducted extensive coordination via VTC/teleconference, email, and personal telephone calls with the CNTPO, DoS-INL, and representatives from Office Secretary of Defense (OSD) and DoS on a weekly basis. This coordination has led to the successful exchange of all critical information and data necessary for transition among agencies. To date, CSTC-A has provided all data in a timely manner, to include requests for information as desired by DoS- INL or CNTPO. Additionally, DoS and DYNCORP completed a joint two week inventory of

CSTC-A-CG

SUBJECT: Need for Transfer Oversight Workgroup for the Afghan National Police Training Program

over 91K pieces of property. The expediency of this inventory indicates DYNCORP's exceptional property accountability management which ultimately will ensure an easy transition of property in the future from DoS-INL to CSTC-A.

5. The working group is moving forward to meet key timeline dates. CTPNO released the first task order and the mentor and trainers will be in place by 31 January 2010. CTPNO anticipates it will not meet the original 31 January 2010 contract assumption date for the second task order and recommends CSTC-A arrange a two month contract extension at a cost of \$12.5 million per month.




RICHARD P. FORMICA
Major General, U.S. Army
Commanding General

LF: OSD; ATTN: DAD Setkey



Embassy of the United States of America
Kabul, Afghanistan

UNCLASSIFIED
INFORMATION MEMORANDUM

November 24, 2009

TO: The Principal Assistant Inspector General for Auditing, Department of Defense,
Office of Inspector General
The Assistant Inspector General for Middle East Regional Office, Department of
State, Office of Inspector General

FROM: Ambassador Joseph A. Mussomeli, Charge d'Affaires, a.i. *JAM*

SUBJECT: Response to Recommendation for Transfer Oversight Workgroup for the Afghan
National Police Training Program

The U.S. Embassy in Kabul welcomes the opportunity to comment on the October 9 recommendation that the Department of State (DOS) and Department of Defense (DoD) establish an oversight workgroup to ensure the smooth transition of the training and mentoring responsibilities for the Afghan National Police from the State Department's Bureau of International Narcotics and Law Enforcement (INL) to DoD's Combined Security Transition Command-Afghanistan (CSTC-A).

Expanding and improving the Afghan National Police (ANP) so it can meet the many security and governance challenges it faces remains one of the greatest challenges facing the Afghan Government, the United States, and our international partners. In August of this year, Embassy Kabul and CSTC-A sent a joint message to Washington recommending that responsibility for training and mentoring the Afghan National Police be transferred from the INL Office at Embassy Kabul to CSTC-A upon the termination of the current contract, on January 31, 2010. An inter-agency cable was sent from Washington on August 31 endorsing that transfer of responsibility and instructing the Embassy and CSTC-A to prepare for "a seamless transition."

Since that time, preparing for a smooth transition of this complex program to CSTC-A has been one of the Embassy's highest priorities. (Note: a key role will also be played by the NATO Training Mission - Afghanistan, or NTM-A, the new NATO command in Afghanistan that will, in tandem with CSTC-A, direct and coordinate international training assistance efforts for both the Afghan National Police and Afghan National Army). Since receiving Washington approval for the transition of police training responsibilities from the Embassy to CSTC-A, the Embassy, working with CSTC-A and NTM-A, has:

- Filled a vacant INL/Kabul Senior Liaison position at CSTC-A. This officer (former FE-OC) has offices in both the Embassy and CSTC-A (at Camp Eggers), and spends most of his workdays at CSTC-A trying to facilitate relations between CSTC-A and the Embassy, and specifically to determine CSTC-A's transition related needs and obtain the necessary information from INL and our contractor DynCorp. As part of these liaison responsibilities,

UNCLASSIFIED

this officer attends the CSTC-A Commander's Update Brief (CUB) meeting, the weekly CSTC-A-ANP police synchronization meeting; and the Deputy Commander for Police Development's senior staff meetings – all meetings at which the Embassy had not been represented previously. That officer arrived in Kabul on September 11.

- Established a new Police Program Officer position at INL/Kabul dedicated specifically to training transition issues (both programming and contracting). That officer (formerly FE-OC), who has worked on the ANP police training program in both Kabul and Washington previously, works with CSTC-A's contract liaison officers to provide information to support DoD's ability to produce a comprehensive Scope of Work and Request for Proposal for the new ANP training/mentoring contract. That officer arrived in Kabul on September 28.
- Assigned one of INL/Kabul's five Police Advisors (who are responsible for day-to-day implementation of the police training program) to CSTC-A as a liaison officer on training issues. This Advisor, who has been working on ANP training in Kabul since 2005, works with CSTC-A's new police training command to prepare them to assume management of INL/DynCorp's institutional training program.
- Transferred INL/Kabul's remaining four Police Advisors from Embassy Kabul to Camp Gibson (also in Kabul), the headquarters for the police training program, so they could have an on-the-ground presence and quickly respond to any CSTC-A inquiries related to the police training program.
- Added to INL/Kabul's contract oversight staff two new In-country Contracting Officer Representatives (ICORS) specifically to work with CSTC-A on the police training transition, including property inventory and transfer to CSTC-A. That increase nearly doubled the number of ICORS at INL/Kabul, from three to five.
- Instructed the police training contractor (DynCorp) that should they receive any direct inquiries from CSTC-A, they should respond quickly to all (except in those instances where such inquiries would involve additional contract charges or business proprietary information, in which case they were to refer the case to INL/Kabul immediately to review). This instruction was designed to address the perception held by some contractor staff that they should not interact with any USG agency except the contracting party (DOS/INL).
- Agreed with CSTC-A (and with DOS/INL and DoD/OSD) to sign a Memorandum of Agreement outlining the major tasks, responsibilities and timelines for the transfer of ANP training program to CSTC-A. This MOA will help document a shared understanding of what the transfer will entail (the text is still being developed).

In addition to these measures, the Embassy has expanded and regularized the meetings and communication between our Embassy INL Director and Deputy Director with their CSTC-A counterparts. We have also arranged a significantly expanded visit schedule for CSTC-A staff to the seven Regional Training Centers INL/Kabul runs in Afghanistan's provinces, so they can develop better insight into those facilities' police training operations and their interaction with program management in Kabul. Finally, the Embassy and CSTC-A have benefited from joint

discussions with a broad range of USG visitors with interest in police training issues and the upcoming transition of responsibilities, including Special Representative for Afghanistan and Pakistan Ambassador Richard Holbrooke, Assistant Secretary of State for International Narcotics and Law Enforcement David Johnson, an inter-agency assessment team from DOS and DoD, and a team of contract and program officers associated with the current ANP training program.

In addition, though NTM-A is not mentioned in the October 9 letter, the Embassy is conducting similar outreach with the leadership and staff of the new NTM-A to ensure that it too is fully prepared for this transition.

All of these measures, which are new (and were not functional at the time of the DOD OIG audit in August and September 2009) have been designed to deepen the communication and coordination between the Embassy and CSTC-A in preparation for the transfer of police training. They have already begun to generate the intended results, which is a much closer and cooperative relationship between the Embassy and CSTC-A in responding to this historic challenge.

As you may know, DOD has recently suggested postponing the transfer of this responsibility to CSTC-A by two months, until March 31, 2010; and the Embassy (and DOS) has indicated our readiness to accommodate that postponement. We are confident that these new coordination measures we have put in place since the summer will help make the police training transition as smooth as possible, and will continue to assess the situation as we move forward to determine whether additional steps are necessary.

Combined Security Transition Command-Afghanistan Comments



REPLY TO
ATTENTION OF

DEPARTMENT OF DEFENSE
NATO TRAINING MISSION - AFGHANISTAN
COMBINED SECURITY TRANSITION COMMAND - AFGHANISTAN
OPERATION ENDURING FREEDOM
KABUL, AFGHANISTAN

DCG-P

01 JAN 2010

MEMORANDUM THRU

United States Forces – Afghanistan (CJIG), APO AE 09356
United States Central Command (CCIG), MacDill AFB, FL 33621


FOR

Department of Defense, Office of Inspector General, 400 Army Navy Drive, Arlington, VA 22202
Department of State, Office of Inspector General, 2121 Virginia Avenue, Washington, DC 20037

SUBJECT: Audit of DoD Obligations and Expenditures of Funds Provided to the DoS for the
Training and Mentoring of the Afghan National Police

1. Reference Draft Report, Department of Defense and Department of State, Office of the Inspector General, 04 DEC 09, subject as above.
2. This memorandum formally responds to recommendations within the draft report. Our comments to Recommendations A.1., A.2., B.1., and B.3.a-c. are provided within the attached enclosure.

Encl


GARY S. PATTON
Brigadier General, U.S. Army
Deputy Commanding General - Programs

DoDIG DRAFT REPORT

"DoD Obligations and Expenditures of Funds Provided to the DoS for the Training and Mentoring of the Afghan National Police"

Project # D2009-D000JB-0230.000 AND 09MER03009

NTM-A/CSTC-A RESPONSES TO THE REPORT

RECOMMENDATION 1. (A, Page 9). DoDIG recommends the Commanding General, Combined Security Transition Command - Afghanistan clearly defines the requirements for the Afghan National Police training program.

1. Clearly defines the requirements for the Afghan National Police program.
2. Establish contractor performance standards that will meet DoD's requirement for training and mentoring the Afghan National Police.

NTM-A/CSTC-A RESPONSE: NTM-A/CSTC-A concurs with these recommendations.

1. Afghan National Police (ANP) Training: NTM-A/CSTC-A's ANP training program consists of three lines of operations; 1) development of the Ministry of Interior; 2) institutional training at the Regional Training Centers (RTC) and; 3) training of the fielded ANP forces located in the districts. In support of these training efforts, the ACAS contract managed by INL provides trainers/mentors, system developers, life and communications support for building police operational capability and capacity. First, NTM-A/CSTC-A supports the Ministry of Interior (MOI) with system developers that provide administrative and operational products, training and mentoring to MOI staff to facilitate horizontal and vertical operational capability. Secondly, the ACAS contract provides trainers/mentors who provide police training in the RTCs to ANP in order to build operational police capacity and capability. Finally, upon completion of an ANPs' institutional training and their arrival at the district, police will receive additional training and mentoring from contracted fielded force trainer/mentors that support ISAF Joint Command's (JIC) Combined Action Teams (CAT), formally known as Police Mentoring Teams (PMTs). NTM-A/CSTC-A's police training program increases ANP capacity and capability through three distinct programs; Focus District Development (FDD), Focus Border Development (FBD) and Direct District Development (D3). FDD is NTM-A/CSTC-A's flagship training program where MOI backfills a police district with Afghan National Civil Order Police (ANCOP). Then, the district's entire police force is deployed to a RTC with their assigned CAT for 8 weeks basic police training. Upon conclusion of training, ANP along with their CAT trainers/mentors return to their districts for mentoring and additional police training and operations. FBD is a training program where a percentage of Afghan Border Patrolmen (ABP) from a district deploys to an RTC for 6 weeks of police training. Upon completion of training, they return without mentor/trainers. D3 is an in-district training program where district patrolmen receive training at home station. Once training is completed, they receive a CAT to provide further training and mentoring. In order to facilitate these programs, police trainers/mentors (INL – DynCorp) provide training, over site to trainers and/or mentor Afghans

DoDIG DRAFT REPORT

“DoD Obligations and Expenditures of Funds Provided to the DoS for the Training and Mentoring of the Afghan National Police”

Project # D2009-D000JB-0230.000 AND 09MER03009

**NTM-A/CSTC-A
RESPONSES TO THE REPORT**

until the ANP organization meets 85-100% capability milestone assessment of operational independence. The goals of the Afghan Police Training program are:

- Reform and grow simultaneously.
- Use embedded partnering to enhance reform and training of existing ANP.
- Grow Afghan Gendarmerie (ANCOP) to provide COIN capable police and enhance security in key areas.
- Grow Afghan Gendarmerie (ANCOP) as fast as training capacity permits Program of Instruction to provide a force trained to increase security.
- Provide resources for activities to train and reform police; and execute the force generation of new police units.
- Increase in MoI recruiting; improve retention by 15%; and reduce attrition by 5%.
- Improve MoI / ANP leadership: Officer and NCO quality and quantity; dismiss corrupt police officials.

2. **Contractor Performance Standards:** The current contract expires at the end of January 2010. NTM-A/CSTC-A is generating a new contract to manage the police training program with CNTPO (Counter-Narcoterrorism Technology Program Office). Due to the complexity of the current contract, it has been extended to 31 March 2010. This extension will also provide time for a smooth transition between contractors at all locations and to compensate for other issues. We carried forward the following lessons learned from the previous contracting strategy:

- NTM-A/CSTC-A and CNTPO developed performance standards with input from the contract bidders. These standards include Measures of Performance (MOP) and Measures of Effectiveness (MOE) are also being incorporated into the Quality Assurance Surveillance Plan. NTM-A/CSTC-A will release the details upon contract placement.
- Added a great degree of flexibility in assignment of advisors, with the ability of NTM A/CSTC-A to move geographically among from any of the three levels of Advisor/Trainer (Ministerial Systems, Intuition Training, Field Level).
- Increase the number of Contracting Officer Representatives/Technical Officer Representatives (COR/TOR) to 184.

DoDIG DRAFT REPORT

"DoD Obligations and Expenditures of Funds Provided to the DoS for the Training and Mentoring of the Afghan National Police"

Project # D2009-D000JB-0230.000 AND 09MER03009

NTM-A/CSTC-A RESPONSES TO THE REPORT

- Placed military commanders at each training site instead of only contractors.
- Developed a contract statement of work with the assistance of CNTPO and was able to reduce the number of contract advisors under the current DoS contract and provide other efficiencies. It is anticipated that these initiatives will result in over \$300 million of savings over the life of the contract.
- Built into the plan increased contractor performance oversight of the resulting contract to ensure that the American taxpayer receives the best value. This increased oversight includes a forward deployed contract oversight representative from CNTPO, along with 20 additional, forward deployed Civilian Quality Assurance personnel.

RECOMMENDATION 2. (B.1., Page 15). DoDIG recommends the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs and the Commanding General, Combined Security Transition Command - Afghanistan ensure that the contracting officer for the Afghan Civilian Advisor Support contract perform a complete inventory of Government furnished property under task orders 4305 and 5375 and reconcile the inventory count to the Government-furnished property book maintained by the contractor.

NTM-A/CSTC-A RESPONSE: NTM-A/CSTC-A concurs with this recommendation. On 3 August 2009, NTM-A/CSTC-A, DoS - INL, CNTPO, and DCMA formed a working group to address the turnover of the current contract. Throughout the transfer process, our team has conducted extensive coordination via VTC/teleconference, email, and personal telephone calls with the CNTPO, DoS-INL, and representatives from Office Secretary of Defense (OSD) and DoS on a weekly basis. This coordination has led to the successful exchange of all critical information and data necessary for transition among agencies. To date, NTM-A/CSTC-A has provided all data in a timely manner, to include requests for information as desired by DoS-INL or CNTPO. Additionally, DoS and Dyncorp completed a joint two week inventory of over 91K pieces of property. The expediency of this inventory indicates Dyncorp's exceptional property accountability management which ultimately will ensure an easy transition of property in the future from DoS-INL to NTM-A/CSTC-A.

DoDIG DRAFT REPORT

"DoD Obligations and Expenditures of Funds Provided to the DoS for the Training and Mentoring of the Afghan National Police"

Project # D2009-D000JB-0230.000 AND 09MER03009

**NTM-A/CSTC-A
RESPONSES TO THE REPORT**

RECOMMENDATION 3. (B.3., a. through e., Pages 15 and 16). DoDIG recommends the Commanding General, Combined Security Transition Command-Afghanistan direct the contracting officer for the new DOD-managed ANP training program to:

- a. Designate an administrative contracting officer in Afghanistan to implement immediate changes and conduct contractor oversight.
- b. Designate a full-time property administrator to oversee all Government furnished property for contracts supporting the Afghan National Police Program.
- c. Develop a Quality Assurance Surveillance Plan that addresses high risk areas of the Afghan National Police training contract.
- d. Establish and maintain contracting files that are complete and easily accessible in accordance with the delegation letters and the Defense Federal Acquisition Regulation Supplement.
- e. Evaluate and assign the appropriate number of in-country contracting officers representatives to oversee the Afghan National Police program.

NTM-A/CSTC-A RESPONSE: NTM-A/CSTC-A concurs with these recommendations, and will implement numerous oversight measures after transitioning to the CNTPO contract. At the senior level, the Assistance Commanding General – Police Development (ACG-PD) will provide contract management oversight for police advisors and trainers. We have also established:

- Systems of CORs/TORs at each level (Ministerial Systems, Institutional, and Regional and below) that will answer to an overall COR. We are identifying 184 military CORs/TORs who are SMEs for each of these levels.
- Military contract oversight for all advisors and trainers for:
 - Ministerial Systems (ACG - PD oversight).
 - Institutional Advisors/Trainers and training sites where each set of advisors and trainers are overseen by a Colonel/O-6 (Combined Training Advisory Group - Police oversight).
 - Regional and below fielded forces where military and US civilians will serve as TORs (ISAF Joint Command oversight, supported by the Regional Support Teams).

DoDIG DRAFT REPORT

"DoD Obligations and Expenditures of Funds Provided to the DoS for the Training and Mentoring of the Afghan National Police"

Project # D2009-D000JB-0230.000 AND 09MER03009

**NTM-A/CSTC-A
RESPONSES TO THE REPORT**

- There will be military commanders at each training site instead of contractors as previously existed under INL.
- Contract Management Responsibilities will include:
 - CNTPO provides a lead COR and about 20 in-country Civilian Quality Assurance Representatives.
 - DCMA provides Property Management oversight.
 - DCMA's Property Management Office will review the awarded contractor's property management system.

Figure 1 is a graphical depiction of future MoI Contract Responsibilities. Figure 2 is a graphical depiction of DCMA Contract Management and Quality Oversight Process. Figure 3 is a graphical depiction of New Advisor/Trainer Contracts, which is the NTM-A/CSTC-A strategy to assume entire contract management responsibilities for the ANP and ANA training programs.

DoDIG DRAFT REPORT

"DoD Obligations and Expenditures of Funds Provided to the DoS for the Training and Mentoring of the Afghan National Police"

Project # D2009-D000JB-0230.000 AND 09MER03009

NTM-A/CSTC-A RESPONSES TO THE REPORT



Figure 1 – Future Mol Contract Responsibilities

DoDIG DRAFT REPORT

"DoD Obligations and Expenditures of Funds Provided to the DoS for the Training and Mentoring of the Afghan National Police"

Project # D2009-D000JB-0230.000 AND 09MER03009

NTM-A/CSTC-A
RESPONSES TO THE REPORT

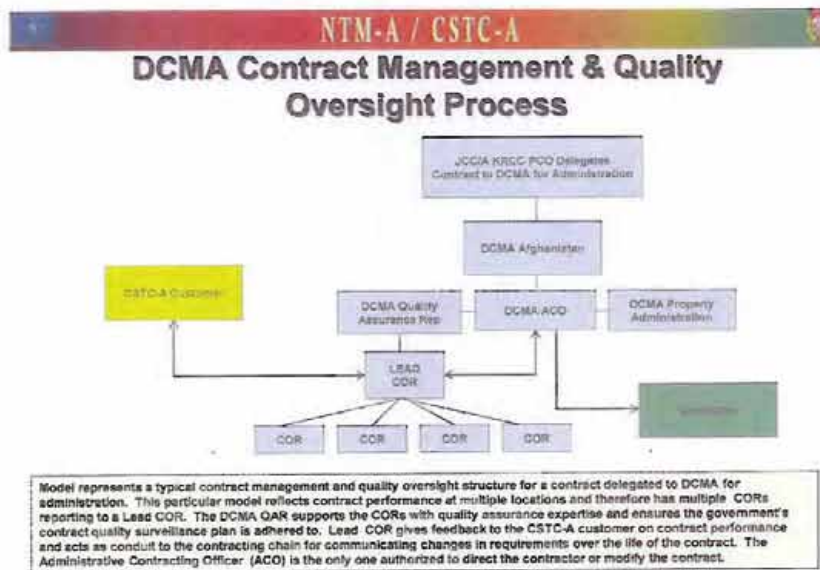


Figure 2 - DCMA Contract Management and Quality Oversight Process

DoDIG DRAFT REPORT

"DoD Obligations and Expenditures of Funds Provided to the DoS for the Training and Mentoring of the Afghan National Police"

Project # D2009-D000JB-0230.000 AND 09MER03009

NTM-A/CSTC-A RESPONSES TO THE REPORT



Figure 3 - New Advisor/Trainer Contracts

APPROVED BY:
GARY S. PATTON
Brigadier General, US Army
Deputy Commanding General - Programs

PREPARED BY:
JEFFREY L. KENT
Colonel, US Army
NTM-A/CSTC-A

01 January 2010

8

Under Secretary of Defense Comptroller/Chief Financial Officer Comments



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

DEC 23 2009

MEMORANDUM FOR INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

SUBJECT: Comments to Draft Report, "DoD Obligations and Expenditures of Funds Provided to the Department of State for the Training and Mentoring of the Afghan National Police" (Project No. D2009-D000JB-0230.000 and 09MERO3009)

This memorandum forwards the Under Secretary of Defense (Comptroller) response to the subject draft report by the Department of Defense (DoD) Inspector General and the Department of State Inspector General, dated December 4, 2009. The response is attached.

The Department appreciates the opportunity to respond to the draft report. My

Mark E. Easton
Deputy Chief Financial Officer

Attachment:
As stated

DOD AND DOS OIG DRAFT REPORT DATED DECEMBER 4, 2009
PROJECT NO. D2009-D000JB-0230.000 and 09MERO3009

“DOD OBLIGATIONS AND EXPENDITURES OF FUNDS PROVIDED TO THE
DEPARTMENT OF STATE FOR THE TRAINING AND MENTORING OF THE
AFGHAN NATIONAL POLICE”

OFFICE OF THE UNDER SECRETARY OF DEFENSE (COMPTROLLER)
(OUSD(C)) COMMENTS TO THE DEPARTMENT OF DEFENSE (DoD) AND
DEPARTMENT OF STATE (DOS) OFFICE OF INSPECTOR GENERAL (OIG)
RECOMMENDATION

RECOMMENDATION D.2.: We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer determine the impact of any errors communicated by the Assistant Secretary of State for Resource Management and Chief Financial Officer on the annual financial statements and make appropriate corrections.

OUSD(C) RESPONSE: Concur. The OUSD(C) will work with the Defense Security Cooperation Agency to ensure that errors communicated by the Department of State are reviewed for financial statement impact and corrected, as appropriate.

U.S. Department of State Bureau of International Narcotics and Law Enforcement Affairs Comments




United States Department of State
Washington, D.C. 20520

UNCLASSIFIED MEMORANDUM

JAN 08 2010

TO: OIG – Harold W. Geisel

FROM: INL – William J. McGlynn, Acting 

SUBJECT: INL Comments on Joint Department of State and Department of Defense OIG Draft Report on “DOD Obligations and Expenditures of Funds Provided to the Department of State for the Training and Mentoring of the Afghan National Police,” December 2009 (09MERO3009)

The Bureau of International Narcotics and Law Enforcement Affairs (INL) appreciates the opportunity to provide comments. INL generally agrees with the intent of most recommendations. Specifically, INL’s responses to the revised draft’s recommendations are as follows:

“B.1. We recommend the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs and the Commanding General, Combined Security Transition Command-Afghanistan ensure that the contracting officer for the Afghan Civilian Advisor Support contract perform a complete inventory of Government-furnished property under task orders 4305 and 5375 and reconcile the inventory count to the Government-furnished property book maintained by the contractor.”

INL generally agrees with the intent of this recommendation and takes seriously the need to appropriately account for government purchased property. Related to these task orders, INL completed an inventory of contractor acquired property in September 2009.

“B.2. We recommend the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs:
a. Ensure that the contracting officer for the Afghan Civilian Advisor Support contract strengthens existing internal controls over contract administration, oversight, and financial reporting, to comply with Foreign Affairs Handbook requirements.

b. Ensure that the contracting officer for the Afghan Civilian Advisor Support contract establishes and maintains contracting files that are complete and easily accessible in accordance with the contracting officer delegation letters and the Foreign Affairs Handbook."

INL generally agrees with the intent of these recommendations and has incrementally improved internal controls over our contract administration since the inception of these task orders. The Bureau also intends to take additional measures to improve internal controls and electronic accessibility to central COR files.

INL will request additional staffing for In-country Contracting Representatives (ICORs) at post under the NSDD-38 process, expanding the number from seven to eleven within the next several months. At this time, we have four ICORs at post and three preparing for deployment. The increase in staffing will enhance contract oversight capability for activities such as: monitoring the technical progress of the contractor and contract expenditures, performing contract inspections, and accepting work on behalf of the U.S. Government. INL has plans to formalize ICOR operating procedures and guidelines towards the standardization of their duties. Even though the COR retains full contract files in Washington where he and the COR support staff are located (which complies with Federal Acquisitions Regulations) INL also intends to provide ICORs with electronic accessibility of contract files, including establishing a SharePoint site for correspondence and notes.

"C.2. We recommend that the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs:

a. Request refunds from the contractor for any costs determined by the Defense Contract Audit Agency that were not allowable, allocable, or reasonable.

b. Ensure the in-country contracting officer's representatives for the Afghan Civilian Advisor Support contract accept delivery of inventory, prepare receiving reports, and match goods and services against invoices under task orders 4305 and 5375.

c. Ensure that the contracting officer evaluate performance, monitor responsibilities, and establish a schedule for in-country contracting officer's representatives to conduct management assessment visits for task orders 4305 and 5375."

INL generally agrees with the intent of these recommendations and requested assistance from the Defense Contract Audit Agency (DCAA) in 2007. Department expenditure data indicates that DCAA work associated with these task orders has

Renumbered
Recommendations
C.2.a-b

Deleted
Recommendation
C.2.c.

been underway at least since March 2009. INL intends to take appropriate actions once DCAA presents final findings and recommendations.

As demonstrated during the course of the audit, INL has a fully integrated team for program management and contract oversight for which there are three main components providing accountability through the separation of duties: (a) In-country Contract Officer's Representatives (ICORs) perform on-the-ground administrative contract support and technical monitoring; (b) program officers assess contract performance; and (c) primarily due to space limitations at post and the need for continuity, a Washington back-office, including the COR, provide additional contract support and review with full access to contract files as prescribed by the Federal Acquisition Regulations. INL reiterates that term ICOR, while unique to State, was developed to satisfy post's concerns in 2007 over distinguishing the position from a Contracting Officer's Technical Representative (COTR). However, ICOR duties are analogous to those of a COTR.

INL has a comprehensive invoicing review process that minimizes risk to the U.S. Government. INL makes provisional payments to the contractor after first certifying valid invoices for their propriety (thus ensuring compliance with the Prompt Payment Act) and conducting a detailed review of the invoice documentation. Over 15% of the invoices are rejections based on these reviews with current savings realized of nearly \$17 million. Modification 17 under the task order allows INL to demand refund for any improper payments later identified via the reconciliation process conducted in Washington, D.C.

"E. We recommend that the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs, in coordination with the Commanding General, Combined Security Transition Command-Afghanistan, coordinate with the Afghan Ministry of Interior to establish and implement a plan within a specific time frame that will:

- 1. Increase the training facility capacity for female police members, and provide them training to conduct law enforcement in accordance with the requirements of the Capability Milestones discussed in Finding A.*
- 2. Recruit an adequate number of female training instructors and mentors to staff those training centers."*

INL agrees that more resources should be devoted to training Afghan female police. However, INL receives no independent funding to conduct police training, and therefore can only meet the training requirements set by CSTC-A.

Redirected recommendations to CSTC-A, see report page 34, Finding E.

We hope this response clarifies many issues referred to in the report. If you have any additional questions or concerns, please contact Patricia Yorkman of my staff
[REDACTED]

Defense Contract Audit Agency Comments



IN REPLY REFER TO

DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
8725 JOHN J. KINGMAN ROAD, SUITE 2135
FORT BELVOIR, VA 22060-6219

Q 225.4 (D2009-D000JB-0230)

December 30, 2009

MEMORANDUM FOR ACTING ASSISTANT INSPECTOR GENERAL, READINESS,
OPERATIONS, AND SUPPORT, DEPARTMENT OF DEFENSE,
OFFICE OF INSPECTOR GENERAL

SUBJECT: Response to Recommendations Contained in the Joint Department of State and the
Broadcasting Board of Governors Office Inspector General and the Department of
Defense Office of Inspector General Draft Report on the *DoD Obligations and
Expenditures of Funds Provided to the Department of State for the Training and
Mentoring of the Afghan National Police*, (Project No. D2009-D000JB-0230.000
and 09MERO3009)

Thank you for the opportunity to respond to the subject draft report, *DoD Obligations
and Expenditures of Funds Provided to the Department of State for the Training and Mentoring
of the Afghan National Police*, provided to DCAA on December 4, 2009. DCAA concurs with
the two recommendations C.1.a and C.1.b on page 21 of the draft report.

Recommendation C.1: We recommend that the Director, Defense Contract Audit Agency:

- a. Include public vouchers submitted under task orders 4305 and 5375 of the Afghanistan
National Police Program indefinite-delivery, indefinite-quantity contracts as part of its
review of public vouchers in accordance with the procedures identified in the Defense
Contract Audit Agency Manual 7640.1, "Defense Contract Audit Manual."

DCAA Response: Concur

DCAA believes it should have been reviewing the billings submitted to the Department
of State (DoS) under Task Orders 4305 and 5375 (both public vouchers and progress or
milestone payment requests) since the contracts inception. However, the two task orders
were issued to DynCorp under Department of State Contract Number S-LMAQM-04-C-
0030 and DCAA has not been provided the funding to perform the reviews of interim
payment requests nor has DoS delegated DCAA the authority to approve interim
vouchers submitted to the DoS paying office. Since the subject contract has multiple
contract type line items, we recommend DCAA be authorized to review and authorize
interim vouchers for reimbursable and T&M contract line items and be funded to perform
reviews of progress or milestone payments for the fixed price line items. However, if the
current DoS contract ends in January 2010, as mentioned in the Joint DoSIG and DoDIG
draft report, it is unlikely DCAA will have an opportunity to review a significant number
of interim payment requests before the contractor ceases billing under the DoS contract.
On the other hand, if the DoD enters into a follow-on contract with DynCorp to continue

Q 225.4(D2009-D00JB-0230)

SUBJECT: Response to Recommendations Contained in the Joint Department of State and the Broadcasting Board of Governors Office Inspector General and the Department of Defense Office of Inspector General Draft Report on the *DoD Obligations and Expenditures of Funds Provided to the Department of State for the Training and Mentoring of the Afghan National Police*, (Project No. D2009-D000JB-0230.000 and 09MERO3009)

the Afghanistan National Police Program, DCAA will include the new contract's interim payment requests in its established pre-payment and post-payment sampling and review plans. That is, the DCAA Field Audit Office will review and provisionally approve interim vouchers submitted for the cost reimbursable and T&M line items and will review the progress or milestone payments using established Agency policy.

Recommendation C.1: We recommend that the Director, Defense Contract Audit Agency:

- b. Conduct an audit of the Afghanistan National Police Program to include cost reimbursable line items.

DCAA Response: Concur.

DCAA has worked with the DoS in attempts to obtain the necessary audit coverage for the DoS contracts at DynCorp. DCAA has met with the DoS to explain the audit services available and the risks to the government as perceived by DCAA based on its experience with DynCorp. With regard to the subject contract, on September 25, 2007 the DCAA Arlington Branch Office submitted a proposal to perform certain audit effort on Contract Number S-LMAQM-04-0030 at DoS's request. The Arlington Branch Office proposed 5,160 hours to perform post award audits, audits of billed costs, and audits of incurred reimbursable costs for various task orders issued under the contract. The proposal included 2,320 hours to audit contract costs associated with Afghanistan as follows:

<u>Task Order</u>	<u>Proposed Audit Hours</u>
S-AQMPD-05-F-4305 (Afghanistan Police Program)	1,100
S-AQMPD-04-C-1076 (Afghanistan Eradication Program)	700
S-AQMPD-04-F-0282 (Afghanistan Police Program)	240
S-AQMPD-04-F-0460 (Afghanistan Regional Training Center Construction)	<u>280</u>
Total Hours Proposed for Afghanistan	<u>2,320</u>

On November 27, 2007 the DoS MIPR authorized DCAA to proceed with the proposed audit effort, funding the entire 5,160 hours proposed, covering work performed in Iraq, Afghanistan, Jordan, Sudan, Lebanon, and Gaza. However, on October 24, 2008 the DoS Contracting Officer cancelled the MIPR related to all Afghanistan effort and stated it would be funded at a later date. Accordingly, DCAA did not perform the audits proposed.

While auditing the reimbursable portions of the contract is desirable, in our opinion, the DCAA should be engaged to perform other audit activity originally identified in our proposal to DoS. Unless the task orders were exempted from the requirements of TINA, we recommend DoS engage DCAA to perform post award audits of the initial task order

Q 225.4(D2009-D00JB-0230)

SUBJECT: Response to Recommendations Contained in the Joint Department of State and the Broadcasting Board of Governors Office Inspector General and the Department of Defense Office of Inspector General Draft Report on the *DoD Obligations and Expenditures of Funds Provided to the Department of State for the Training and Mentoring of the Afghan National Police*, (Project No. D2009-D000JB-0230.000 and 09MERO3009)

award proposals and subsequent task order modifications exceeding \$650,000 to ensure the government's interest is protected from inflated pricing on the fixed price portions of the contract. Generally, DoS only funds DCAA to perform contract specific audits and does not participate in the funding of the annual final incurred cost audit (which is used in part to establish final indirect rates applicable to costs incurred under flexibly priced contracts). The negotiation of final indirect rates for each year of the contract's period of performance will be necessary in order for the flexibly priced portions of the contract to be closed-out.

Unfortunately, since DoS did not engage DCAA to perform the normal scope of audit activity necessary to perform a comprehensive audit of costs incurred under the Afghanistan Police Program contract, the results of audits of the direct incurred costs will be qualified. Normally, DCAA performs real time reviews of labor costs as they are incurred, performing floor checks to ensure employees are at work and charging their labor costs to the contracts they are actually working on. Additionally, DCAA performs real time reviews of the existence of materials purchased and/or consumed during the contract's performance to establish the materials charged to the contract and reimbursed by the government actually existed and were used in the performance of the contract to which they were charged. DoS did not elect to engage DCAA to perform real time reviews on this contract and determining the veracity of labor charges and the consumption of materials years after the fact is extremely difficult at best and most often virtually impossible if the system of internal controls implemented where the costs were incurred were not reviewed before or during the time the contract was performed.

If the DoD enters into a follow-on contract with DynCorp to continue the Afghanistan National Police Program, DCAA will include the contract in its annual audit plan at DynCorp which will include all necessary audit activity ranging from the review of task order proposals to reviews of interim payment requests to the audit of incurred costs and systems of internal controls and applicable Cost Accounting Standards.

Questions regarding this memorandum should be directed to the undersigned at


FOR
Donald McKenzie
Assistant Director
Integrity & Quality Assurance

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